

FORM SUMMARY APPRAISAL REPORTS
FOR

**State of Montana Properties
Broadwater County, Montana**




Prepared by:


Katie Rickett, ARA
Terra Western Associates

Certified General Real Estate Appraiser
In the State of Montana

Accredited Member of the American Society
of Farm Managers and Rural Appraisers (ASFMRA)



Kim C. Colvin, MA, ARA 
President/Owner
Certified General Appraiser, MT & WY
Licensed Sales Agent, MT

Katie Rickett, ARA 
Associate Appraiser
Certified General Appraiser, MT

February 18, 2013

Emily Cooper
C/O Montana DNRC
PO Box 201601
Helena, MT 59620-1601

RE: Appraisal of the Montana DNRC Property (Broadwater County, Montana)

Dear Ms. Cooper,

Pursuant to your request, I have personally inspected and prepared appraisals of the real property associated with four State of Montana owned parcels located in Broadwater County. As noted, this project included four separate tracts of land that the State of Montana is looking to sell to a private land owner in the area. The four tracts were appraised separately in four separate appraisals and are included under one cover.

As instructed the tracts were appraised using a Hypothetical Condition the assumes that the parcels have legal access and they were also appraised "as-is," without legal access. A **Hypothetical Condition** is defined by the Uniform Standards of Professional Appraisal Practice as:

"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 the purpose of analysis."

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

All four tracts are landlocked and do not have any legal road access to the property.

The tracts were inspected on February 13, 2013. This is the effective date of the appraisal. The intended use of the appraisals is to value the tracts for possible sale to the current lessee. The intended users are the State of Montana, the Montana Board of Land Commissioners, and the Department of Natural Resources and Conservation (DNRC).

Under the Hypothetical Condition that the parcels have **legal access** the values for the four tracts are as follows:

#302 – 161.63 acres: \$ 85,000 = \$526/acre

#303 - 160.00 acres: \$ 84,000 = \$525/acre

#336 – 637.84 acres: \$191,000 = \$300/acre

#337 – 280.00 acres: \$285,000 = \$1,018/acre

From our database of paired access sales, which totals 72 pairings, paired sales from Jefferson, Broadwater, Lewis & Clark, and Gallatin County were used to determine an access discount for the subject properties to conclude an opinion of value "as-is" of the subject tracts with no legal access. The pairings from the four counties totaled nineteen pairs that indicated an average discount of 46.4% for properties with no legal access. A discount of 46% is concluded and applied to the subject tracts for the lack of **legal access**. The concluded values, without legal access, are as follows:

#302 – 161.63 acres: \$ 46,000 = \$285/acre

#303 – 160.00 acres: \$ 45,000 = \$281/acre

#336 – 637.84 acres: \$103,000 = \$162/acre

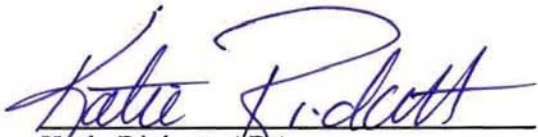
#337 – 280.00 acres: \$154,000 = \$550/acre

This value is in terms of cash and considers the fee simple ownership rights of the property. All values are exclusive of reservations of record. This value excludes specific valuation of timber, mineral or water rights; the subject market does not delineate these particular rights during sales transactions. The real property is appraised in an "as-is" condition, and the appraised value is based on an eight to eighteen month exposure time assuming the property is marketed in a proper manner. This value does not include personal property, fixtures, emblements or intangible items. The appraisal assumes the property meets all requirements of county regulations.

We herewith deliver to one original hard copy including addenda and one electronic copy. We hereby certify that we have no interest, present or prospective, in the herein described property, and that our employment is in no way contingent upon the amount of the valuation. We certify that our opinion is based on a personal inspection of the subject property, a study of the data obtained, and our knowledge of real estate values in the subject market area.

Under the current USPAP, the Conduct section of the ETHICS RULE requires the appraiser to disclose any services regarding the subject property performed by the appraiser within the prior three years, as an appraiser or in any other capacity. We have had no dealings of any sort with the subject property in the past three years.

Respectfully submitted,

A handwritten signature in blue ink, reading "Katie Rickett". The signature is fluid and cursive, with the first name "Katie" and last name "Rickett" clearly distinguishable.

Katie Rickett, ARA
Montana Certified General Appraiser #650

A handwritten signature in blue ink, reading "Kim C. Colvin". The signature is fluid and cursive, with the first name "Kim", middle initial "C", and last name "Colvin" clearly distinguishable.

Kim C. Colvin, ARA
Montana Certified General Appraiser #174
Wyoming Cert. General Appraiser #424

Uniform Agricultural Appraisal Report

EFFECTIVE DATE: February 13, 2013

Department of Natural Resources & Conservation (DNRC)

Sale # 302

161.63 Acres

Broadwater County, MT



Prepared For:

DNRC-TLMD

Attn: Emily Cooper

Intended User:

State of Montana

Montana Board of Land Commissioners

Department of Natural Resources & Conservation (DNRC)

Prepared By:

Terra Western Associates

P.O. Box 11950

Bozeman, MT 59719

Kim C. Colvin, ARA & Katie Rickett, ARA

Date Prepared:

February 13, 2013

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Uniform Agricultural Appraisal Report

Property Identification

Owner/Occupant:	State of Montana		Total Deeded Acres:	161.63
Property Address:			Effective Unit Size:	161.63
State/County:	Montana	/ Broadwater	Zip Code:	59644
Property Location:	3 miles North of Three Forks, MT		Property Code #:	
Highest & Best Use:	Rural Investment	"As If" Vacant	FAMC Comd'ty Gp:	
	N/A	"As Improved"	Primary Land Type:	Rangeland
Zoning:	None		Primary Commodity:	Cow/Calf
Unit Type:	<input type="checkbox"/> Economic Sized Unit <input checked="" type="checkbox"/> Supplemental/Add-On Unit			
FEMA Community #	300145	FEMA Map #	0014A	FEMA Zone/Date:
				2/9/1982
Legal Description:	W2W2 SEC 4 TWP 2N RNG 2E Attached <input type="checkbox"/>			
Purpose of Report:	Develop an opinion of value for possible sale of subject property.			
Use/Intended User(s):	Decision Making for possible sale/State of Montana, Montana Board of Land Commissioners, & DNRC			
Rights Appraised:	Fee Simple excluding reservations, easements, conveyances, restrictions, and encumbrances of record.			
Value Definition:	Attached <input checked="" type="checkbox"/>			
Assignment:	Complete Appraisal	Report Type:	Summary	
Extent of Process/Scope of Work: Katie Rickett, ARA inspected the subject property on February 13, 2013. Market data was researched through local courthouse records, realtors, and other market participants knowledgeable of the local market. Total acres are calculated from the Montana Cadastral Web-site and confirmed with the county assessor and legal description. Additional property and market data was researched and obtained from the DNRC web-site as well as the NRCS web-site. The sales were inspected and analyzed to arrive at an estimated value. Appropriate approaches to value were implemented.				

Summary of Facts and Conclusions

Appraisal Report Summary

Date of Inspection:	02/13/13	Effective Date of Appraisal:	02/13/13
Value Indication	- Cost Approach: \$ - Income Approach: \$ - Sales Comparison Approach: \$ See Page 26		
Opinion of Value:	(Estimated Marketing Time 12-18 months) \$ See Page 26		
Cost of Repairs:	\$	Cost of Additions:	\$
Allocation:	Land: \$ \$ 0 / (0 %) Land Improvements: \$ \$ 0 / (0 %) Structural Improvement Contribution: \$ \$ 0 / (0 %) Non-Realty Items: \$ \$ 0 / (0 %) Leased Fee Value (Remaining term of encumbrance) \$ \$ 0 / (0 %) Leasehold Value: \$ \$ 0 / (0 %) Overall Value: \$ \$ 0 / (100 %)		
Income and Other Data Summary:	<input checked="" type="checkbox"/> Cash Rent <input type="checkbox"/> Share <input type="checkbox"/> Owner/Operator <input type="checkbox"/> FAMC Suppl. Attached Income Multiplier () Income Estimate: \$ 0.00 / (unit) Expense Ratio % Expense Estimate: \$ 0.00 / (unit) Overall Cap Rate: % Net Property Income: \$ 0.00 / (unit)		

Area-Regional-Market Area Data and Trends:

	Above Avg.	Avg.	Below Avg.	N/A
Value Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Activity Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Compatability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Development Potential	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Subject Property Rating:

	Above Avg.	Avg.	Below Avg.	N/A
Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soil Quality/Productivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improvement Rating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rentability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Property Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

USPAP, Organizational, or Other Requirements

Report Type: Summary**Date of Inspection:** 02/13/13**Date of Value Opinion:** 02/13/13**Date of Report:**

Scope of Work *(Describe the amount and type of information researched and the analysis applied in this assignment. The Scope of Work includes, but is not limited to the degree and extent of the property inspection; the extent of research into physical and economic factors affecting the property; the extent of data research; and the type and extent of analysis applied to arrive at the opinions or conclusions. Additionally, describe sales availability & ability to demonstrate market - "as vacant" - and "as improved" if applicable - or describe sales available to form value opinion "as completed" or proposed if requested; describe income sources and ability of income to support existing or proposed construction; discuss extent of third party verification of RCN, if applicable.):*

This appraisal was performed according to the specific guidelines set forth by the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. All three approaches to value were considered and developed. All opinions of value contained herein were derived in compliance with the specific guidelines aforementioned, using a level of analysis sufficient to constitute an appraisal that complies with the reporting requirements for a Summary Appraisal Report as set forth under Standards Rule 2-2(b). This appraisal also conforms to the Code of Professional Ethics and Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.

Existing land regulations were analyzed, neighborhood trends, market demand for the existing use of the subject property; as well as alternative uses, the physical characteristics of the property, and the highest and best use. The property's legal description, acreage, tax assessment, ownership history, improvements, and zoning information were verified with Broadwater County records. The water rights appurtenant to the subject property were researched at the Montana State internet website of the Department of Natural Resources & Conservation (DNRC), and soil information was gathered from the National Cooperative Soil Survey maintained by the Natural Resources and Conservation Service (NRCS) web-site. Numerous publications and periodicals, referenced within the body of this appraisal report were consulted for information regarding such factors as soil properties, vegetative range types, building construction costs, and building depreciation. In addition to information contained within our office files, the appraisers searched the local area and competing areas for the most recent sales data in the subject area.

A number of area property owners, real estate brokers, and other appraisers knowledgeable of this market were contacted in order to secure comparable sales data. All sales were verified with the buyer, seller, agents, or other parties having knowledge of the transaction.

Subject Property Sale & Marketing History: *(Analyze and report any agreements of sale, options, or current listings as of the date of the appraisal - and all sales within three (3) years prior to the effective date of appraisal. For UASFLA assignments, report the details of the LAST SALE OF THE SUBJECT - no matter when it occurred):* The State of Montana purchased the subject property in February 1926 from Fred Modshiedler via Warranty Deed Book 28, page 479.

Market Conditions *(Volume of Competing Listings, Volume of Sales, Amenities Sought by Buyers):* The area market is starting to see more activity (Sales and Listings) than in previous years.

Approaches to Value *(Explain Approaches Used and/or Omitted):* All three approaches to value have been considered for the subject property, however, the Sales Comparison Approach is the only approach that is felt to be reliable enough to use in this particular market. Rural Investment properties in the market area do not have any viable economic use relative to rental values. As described, while some are used for agricultural grazing the fees generated by such uses do not justify, nor are they relevant to, an economic valuation of properties, and cannot support land values commanded in this investment oriented market. As such, a valuation of the subject property by the Income Approach is not applicable. Since the subject property has only one land class, rangeland and is not improved, the Cost Approach would be a redundancy of the Sales Comparison Approach and thus is not applicable in this appraisal.

Additional Comments

Continued from Scope of Work :

Comparable sales were inspected to the extent possible. Trespass was avoided and owner permission was obtained when feasible. At a minimum, a "drive-by" inspection was made along public roadways. Montana is a nondisclosure state; thus, aside from sale notices or deeds, no sales data is of record. No sale prices are reported and the Appraiser must personally confirm sale values. I have made a diligent effort to correctly ascertain the circumstances and values surrounding each sale, and data provided by professional third parties is considered reliable. The investigation of this appraisal report included confirmation of sales with buyers, sellers, real estate professionals, plus inspecting each sale.

The photographs in this report are digital photographs and were not changed or manipulated in any manner. Information on market data was gathered, confirmed, and analyzed. Data relating to the subject was also analyzed and gathered. The Sales Comparison, Cost, and Income Approaches to value were considered. To develop the opinion of value, I performed a complete appraisal process as defined by the current USPAP under the summary appraisal reporting Rule 2-2(b). In developing a summary appraisal report, an appraiser uses or considered all applicable approaches to value, and the value conclusion reflects all known information about the subject property, market conditions, and all pertinent available data.

USPAP includes a competency provision that states:

The Uniform Standards of Professional Appraisal Practice (USPAP) require that prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience necessary to complete the assignment competently; or alternatively:

1. Disclose the lack of knowledge and/or experience to the client before accepting the assignment;
2. Take all steps necessary or appropriate to complete the assignment competently; and
3. Describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

Katie Rickett, ARA has been involved in the appraisal of rural real estate in the State of Montana, South Dakota, and North Dakota since 1998 and Kim C. Colvin, ARA has been appraising in this area for 25 years. We are familiar with the geographic area in which the subject property is located and understand the nuances of the local market and the supply and demand factors related to the specific property type and the location involved. We have been engaged in many appraisal assignments involving properties similar to the subject property and believe we are qualified and competent on the basis of our knowledge and experience to complete this assignment competently. Please refer to our qualifications, which are attached in the Addenda of this report.

As Instructed, we are appraising the subject property under a **Hypothetical Condition**. A **Hypothetical Condition** is defined by the Uniform Standards of Professional Appraisal Practice as:

" 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 the purpose of analysis."

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

The appraisers have been instructed to appraise the subject property as having legal access and "as-is" with out legal access. The subject property is landlocked and does not have any legal road access to the property.

MARKET VALUE DEFINITION

Regulations published by federal regulatory agencies pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Other:

EXPOSURE AND MARKETING TIME ESTIMATES

Market value (see above definition) conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

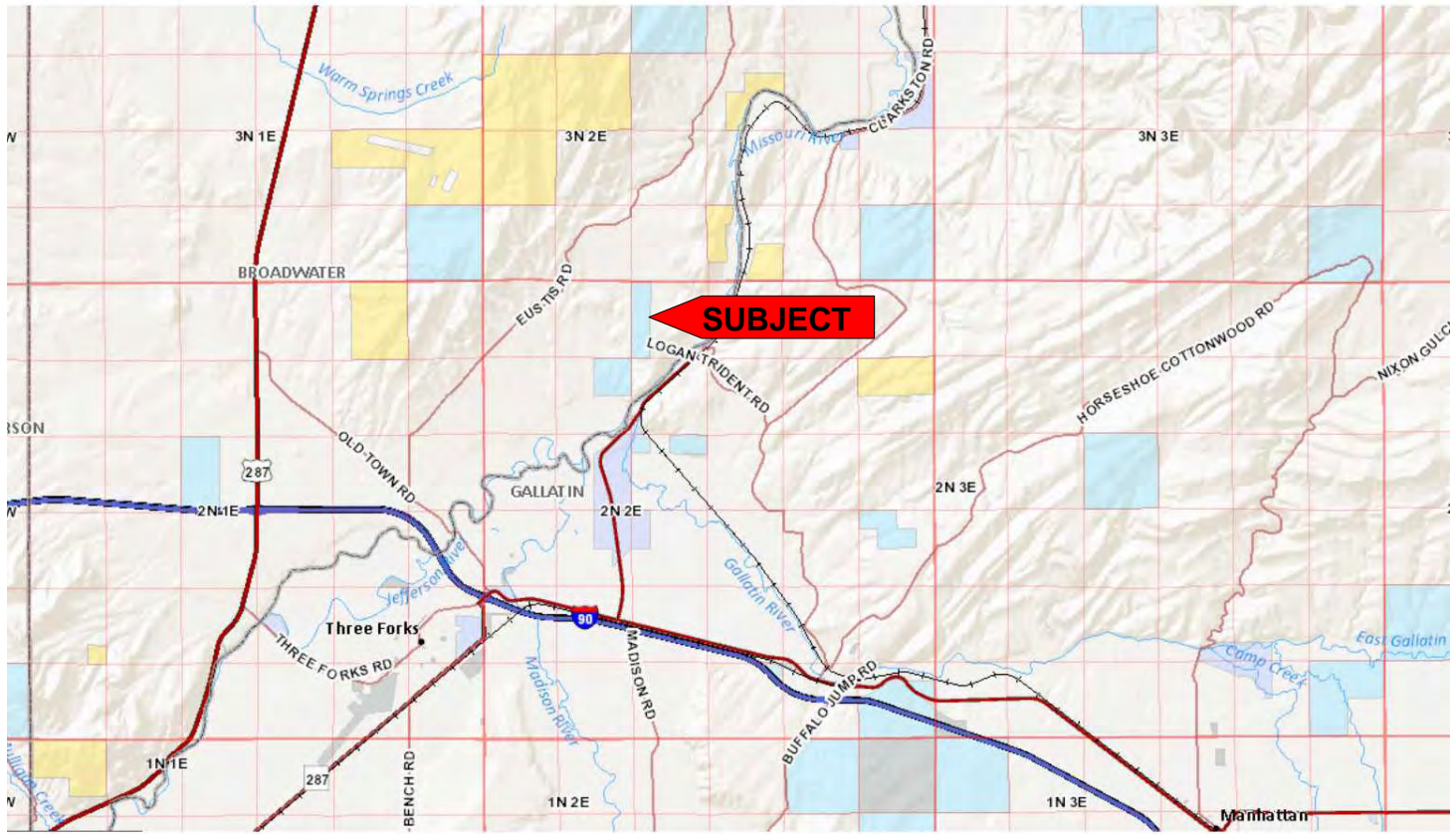
In applying the market value definition to this appraisal, a reasonable exposure time of 12-18 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to **precede** the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period **after** the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 12-18 months.

Comments:

Area-Regional Description	Area-Regional Boundary: Broadwater, Gallatin, and Jefferson County	On and Off Property: <table style="width: 100%; border: none;"> <tr> <td></td> <td style="text-align: center;">Up</td> <td style="text-align: center;">Stable</td> <td style="text-align: center;">Down</td> </tr> <tr> <td>Value Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Population Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Employment Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		Up	Stable	Down	Value Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sales Activity Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Population Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Employment Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>																																						
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Major Commodities: Hay, Beef Cattle, Barley, and Wheat	Market Availability: <table style="width: 100%; border: none;"> <tr> <td></td> <td style="text-align: center;">Under Supply</td> <td style="text-align: center;">Balanced</td> <td style="text-align: center;">Over Supply</td> <td style="text-align: center;">No Influence</td> </tr> <tr> <td>Cropland Units:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Livestock Units:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Recreational Tracts:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		Under Supply	Balanced	Over Supply	No Influence	Cropland Units:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Livestock Units:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Recreational Tracts:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																								
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Continue on Pages 7-13																																																												

Map Addendum



AREA & REGIONAL DATA

BROADWATER COUNTY

1. Location

Broadwater County is located in southwest Montana. It is bordered on the north by Lewis and Clark County, on the east by Meagher County, on the south by Gallatin County, and on the west by Jefferson County. The County includes 1,239 square miles, of which, 1,191 is in the form of land and 48 square miles are water. The county is mountainous with the valley area used for agriculture. Elevations range from 9472 feet on the top of Mount Baldy to the average valley elevation of 3800 feet. The Big Belt Mountains run along the eastern border, and the Elkhorn Mountains form the western boundary. The Missouri River flows through the county from south to north, offering both irrigation for crops and recreational opportunities. Canyon Ferry Lake covers approximately 35,000 acres in the northern part of the county, is the third largest lake in the state, and the lake shore is federally owned. Canyon Ferry Lake is Broadwater County's major asset, for its power generation, crop irrigation, and recreational capabilities.

Broadwater County's 796,000 acres, the land usage is as follows:

Private Lands	65%	515,000 acres
Grazing	41%	326,000 ac
Dry Crop	10%	77,000 ac
Irrigated	8%	46,000 ac
Timber - private	4%	35,000 ac
Other - urban, utilities	2%	20,000 ac
State Lands	3%	24,500 acres
Federal Lands	32%	257,500 acres

Broadwater County located between the major cities of Helena and Bozeman, with potential markets for Broadwater County goods and services. The county is also located on the route between Bozeman and Helena, which offers potential for travel and tourist commerce, not to mention the County's amenities for recreational activities.

2. Water Sources

Broadwater County is fortunate to have abundant water resources, by Montana standards, which makes irrigated crop land a major factor in the county's agricultural economy. Water is obtained from both surface water diversions and from groundwater development.

The Missouri River, which flows south to north through the county, is the key surface water source. Toston Dam on the Missouri, located approximately four miles south of the community of Toston, provides water for the Broadwater Missouri Diversion Project. This project furnishes water to irrigate crop lands along both sides of the river through two canals. The west side canal is 15 miles in length, running northwest of Toston. The east side canal passes to the east of Townsend, and continues up the east side of Canyon Ferry Lake, ending at Duck Creek. Total length of the east side canal is 35 miles. Together the two canals irrigate approximately 22,000 acres.

Big Spring Ditch flows out of Big Spring south of Toston, running six miles and ending at Dry Creek. This canal irrigates 2,200 acres.

Another surface water diversion from the Missouri River is the Montana Ditch. Its point of diversion is on the east bank of the river about two miles south of Townsend. It carries water to the east of Townsend and flows into Canyon Ferry Lake seven miles north of Townsend.

In the 1950's the U.S. Bureau of Reclamation constructed the Canyon Ferry Dam for power generation and irrigation. The resulting reservoir, Canyon Ferry Lake, has become a major feature of Broadwater County, covering 35,000 acres. Approximately 5,000 acres of productive agricultural land was inundated by the reservoir. As restitution for the lost prime agricultural acreage, the Bureau of Reclamation created the Crow Creek Pump Unit, an irrigation development system with a series of canals, ditches and pumps to provide irrigation water to previously dry crop lands within the valley.

Most of the new water development in the county has been for sprinkler irrigation. In addition, much of the previously flood-irrigated lands have come under sprinkler irrigation. Sprinkler irrigation systems are more efficient than flood irrigation, thereby making water available to irrigate additional lands. Sprinkler irrigation can affect ground water levels and quantities, aquifer recharge, and sub-irrigation. Approximately 46,000 acres of crop land in Broadwater County are currently irrigated. Irrigated lands have and will most likely continue to be used for hay, pasture, wheat, barley, and potatoes.

Additional Comments

3. Transportation

The Townsend Airport is located on City- County-owned land, and serves as the base for approximately 12 general aviation single-engine aircraft, and is used for general aviation, air taxi services, and military use by the National Guard. The airport uses a 4,000' long by 60' asphalt runway and includes a pilot's lounge, private hangers, and a camping area for overnight stays. The airport stages an annual fly-in on July 4, bringing in 50-60 aircraft along with pilots and passengers. Recent improvements at the airport include the installation of precision approach lights and the addition of five hangers since 2000. Two new businesses have also been established - an aircraft repair service and an aircraft sales business. County's transportation corridors provide access to areas throughout the United States and Canada.

Gallatin Field, 43 miles from the subject property, accommodates four airlines (Delta, Northwest, United and Horizon) providing a minimum of two flights per day each, Broadwater County has good air service in comparison to other population centers in Montana. Connections to major hubs at Salt Lake City, Spokane, and Minneapolis help to support a growing community of business commuters residing in Broadwater County. The Gallatin Regional Airport is being doubled in size with a completion date of this summer, 2011.

The county road department maintains approximately 670 miles of county roads. The department employs a county road supervisor and three additional employees. Since the Montana Department of Transportation assumed maintenance responsibilities for secondary state highways in 1997, the road department has no paved roads to maintain.

4. Social Forces

Heritage and Ethnic Groupings: Broadwater County contains a wide variety of ethnic groupings.

5. Area Prestige

The county has extensive acreage of irrigated crop, hay and pasture lands that contribute significantly to the county economy. Ample water is available in the county for irrigation and industrial use. The county has extensive timber and agricultural resources, from which value-added processing can be promoted. The Montana Railink Railroad provides important rail transportation of goods to and from Broadwater County. The climate is moderate, making the county an appealing and attractive place for visitors, retirees and prospective entrepreneurs. The county population has been growing steadily, which helps support local businesses and business growth. Many of the incoming new residents favor strong local economies and communities with appealing environments and life styles. Broadwater County has a growing professional business sector - finance, insurance, accounting, and health/medical care - that attracts out-of-county customers and strengthens the economy. The county is close to Helena and Bozeman, major cities with potential markets for Broadwater County goods and services. Also, the county is located on the route between Bozeman and Helena, which offers potential for travel and tourist commerce.

Broadwater County's lakes, rivers and streams support outstanding fisheries that attract anglers from all over the region. Canyon Ferry Lake and the Missouri River produces rainbow, brown, brook and cutthroat trout, walleye, whitefish and perch. The resident and non-resident fishing supports boat dealerships, sporting goods stores, tackle shops and outfitting. The county has abundant wildlife that supports hunting, and bird/wildlife watching. The Big Belt and Elkhorn Mountains provide excellent mule deer and elk habitat. Whitetail deer thrive along the Missouri River and in bottomlands. Mountain goats occur in the Big Belts, and a population of antelope range between Townsend and Winston. The Bureau of Reclamation constructed dust-control ponds and in cooperation with Montana Fish, Wildlife and Parks manages the ponds to produce excellent habitat for waterfowl and shorebirds. The Canyon Ferry Wildlife Management Area provides outstanding hunting for big game, pheasants and water fowl, as well as opportunities for watching bird and wildlife. The Indian Creek campground and ponds have been developed into a very attractive recreation facility that is enjoyed by both local residents and travelers.

The Lewis and Clark expedition up the Missouri river in 1805 provides opportunities for Broadwater County. The expedition traveled up the Missouri River from the Gates of the Mountains to the three forks of the Missouri River, making significant journal entries, in what is now Broadwater County. Residents of Broadwater and Gallatin Counties, with state and federal agencies, have developed historical points and features commemorating the Corps of Discovery.

The Headwaters State Park, across the river from Broadwater County, has become a well-known historical place commemorating the Corps of Discover. Interpretive signs at Toston Dam explaining the Lewis and Clark expedition are important tourist information attractions. In 2002, local residents erected a plaque to mark the Crimson Bluffs, a feature southwest of Townsend cited in the Lewis and Clark journals.

Additional Comments

6. Economic Forces

Broadwater County's economic revenue is healthier than some other counties, due to the type of property taxed or class of taxable valuation. Under Montana law, utilities have a tax rate of 12%, railroads have a tax base of 4.27%, and residential, commercial, industrial, and agricultural properties have a tax rate of 3.6% or less. Utilities and railroads are the largest contributors to the county property tax, due largely to a privately-owned electric power transmission line that crosses Broadwater County from east to west, and the mainline of the Montana RailLink railroad located in the county. Residential property is the second largest contributor to the property tax base and agriculture is the third.

The economic health of Broadwater County has historically been tied to the area's resources, including agricultural land, timber, and minerals. The timber resource is at a critical juncture, where decades of fire suppression and drought have combined to create extensive stands of beetle-killed trees, but market forces have forced sawmills and pulp plants to close. Opportunities exist for economic development based on the use of woody biomass material removed from forest restoration activities, such as wildfire hazardous fuel treatments, insect and disease mitigation, forest management due to catastrophic weather events, and/or thinning overstocked stands. Closing of these sawmills and pulp plants have forced the BCDC to become innovative and purchase equipment to produce a recycled woody biomass pellet, as an alternative energy source. This alternative energy source, since natural gas available is limited in the area, is hoping to become a cost effective lure for commercial businesses to come to Broadwater County.

The lands immediately north and west of Townsend are located in the Missouri River floodplain, which also limits the opportunities for expansion of the community.

Two major mining firms operate in Broadwater County. Apollo Gold Corporation owns the Diamond Hill gold mine in the Elkhorns north of Townsend. GrayMont Western US, Inc., operates a lime mining and lime processing operation in the Elkhorn Mountains west of Townsend. Small scale mining operations occur sporadically on public and private land in the county.

TOWNSEND AREA

The community of Townsend is located in the heart of an expansive valley, between the Big Belt and Elkhorn Mountains, where the Missouri River opens into Canyon Ferry Reservoir and is Broadwater County, Montana. Townsend is the county seat, with a 2010 census population of 1878 people, which is an increase of only 1% from the 2000 census. Neighboring communities of Wheatland reported 568 people, Toston reported 108 people with a 3% increase (3 people), and Radersburg reported 66 people with a 4% increase (2 people).

The total housing units reported in 2010 for Townsend was 2,023, of which 79.7% were owner occupied, and 20.3% were rentals. Mobile homes accounted for 23% of the housing units in the county. Approximately 23% of the homes in Broadwater County were built in the 1990's; 33% were built before 1940. Nearly 16% of the homes heat with natural gas, (natural gas is not available in most of the county, only the extreme north and south ends), 45% heat with propane, kerosene or fuel oil, and 22% heat with wood stoves. There are 151 real estate properties listed for the week of August 13th, 2011, on a real estate website for the Townsend area. Of these listings, three are foreclosures and the average listing price for all properties is \$466,010, a decrease from \$561,000 a month earlier. House prices are generally depreciating about 1.0% per month at the present time. The real estate market has been very stagnate in the past year, with very few homes sold.

The Broadwater Health Center and Home Health, the Townsend Star - weekly newspaper, the Broadwater County Museum, the Old Baldy Golf Course, and other facilities and services are important assets to the community. Townsend, Toston, Winston and Radersburg boast historic buildings like the Canton Church and Canyon Ferry Mansion. Throughout the year, events like the Walleye Festival, County Fair and NRA Rodeo, Fall Fest, Cowboy Entertainer Gathering, and the Christmas Stroll; brings visitors and neighbors together for Townsend grew rapidly between 1864-1909, due to its location surrounded by mining, logging, farming and ranching, and the Northern Pacific Railway. As the mineral deposits were depleted, many miners turned to farming and ranching. Today, agriculture is the primary industry for the Townsend area, with the county's productive valley and abundance of water sources. Mining is still a major county industry, as well as timber, manufacturing, and recreation.

Additional Comments

HELENA AREA

Helena is the capital city for the state of Montana, with a 2010 population of 28,180 people. As the Montana's state capital, the steady employment provided by the government has allowed Helena to avoid, for the most part, the boom and bust cycles that have been common in most other Montana towns and cities. The steady government employment has also allowed Helena to remain quite prosperous by Montana standards. The city itself is alive with the community spirit, street festivals, theater, museums, symphonies, fairs and rodeos. It is the hub of education and health care, a city of timeless treasures and sophisticated services. Surrounding features include the Continental Divide, Mount Helena City Park, Spring Meadow Lake State Park, Lake Helena, Helena National Forest, the Big Belt Mountains, the Gates of the Mountains Wilderness, Sleeping Giant Wilderness Study Area, Bob Marshall Wilderness, Scapegoat Wilderness, the Missouri River, Canyon Ferry Lake, Holter Lake, Hauser Lake, and the Elkhorn Mountains.

The subject property would be considered part of the greater Helena community, and Helena provides primary services to the property. Helena lies in western Montana and represents a principal Montana city.

BOZEMAN AREA

The city of Bozeman is the Gallatin County seat, and the home of Montana State University. Bozeman had a population of 37,280 in the 2010 census, which is the fourth largest city in the state, a 32% increase in population in the past decade. Daily commercial air flights to major cities are served by three private airlines, out of Gallatin Field, located eight miles west of Bozeman, in Belgrade. Bozeman produces two quality local television stations and a daily newspaper, distributed throughout the Gallatin County and surrounding counties.

As delineated by maps accompanying this report, the subject property is located 50 miles to the northwest of Bozeman. The subject property would be considered part of the greater Bozeman community, and Bozeman provides primary services to the property. Bozeman lies in southwestern Montana and represents a principal Montana city.

The community in the general area of the subject property, as well as throughout western Montana, has changed in composition and population. In many communities such as the subject's, where agricultural use and ownerships have traditionally predominated, recent developments in the land market over the past ten to twenty years have increased the number and influence of alternative land users and property uses. Many counties of western Montana are growing in population; development within these areas, and particularly rural residential development, has been steadily increasing for the four year period of 2003-2008. Bozeman, Montana has been named the "Best Little City to Retire To," one of the "Top 10 Cities in the U.S. to live," the "Top Recreational City in America" and Outside Magazine quotes famous movie stars stating that Bozeman is the new place to be. There have been an influx of new residents who can sustain even in the coldest winters and the population is steadily growing due to the shifting "greener attitude" in the Gallatin County area. Bozeman was named the "Healthiest City in Montana" in a summer 2010 survey of health. It has become nationally and internationally known. The airport reports numerous travelers flying to Europe and other countries each day from the local Gallatin County and Bozeman areas.

7. Future

Broadwater County's population grew to 5,612 in 2010, and is projected to increase to 6,300 by 2030, or 29.8% over the 20-year period. As the county seat, business hub, and location of critical facilities for medical care and assisted living, Townsend can expect to grow at a rate higher than that shown over the last decade, reflecting growth in the county. The City can also expect to see the median age continue to climb, driven by both the aging of the indigenous population and an influx of older people moving to the area to take advantage of city services and relatively low housing costs in a rural setting. At this time, the population in Montana, notably in the western region of the state, is also seeing an increase, while the eastern region is seeing a decline.

Broadwater County and the city of Townsend have joined forces and resources to establish the Broadwater County Development Corporation (BCDC), which has developed a ten year economic plan for 'capital improvements' and 'capital maintenance' projects. This economic plan has five categories of need; Public Facilities, Public Safety, Healthcare, Transportation, and Economic Development.

Additional Comments

In the BCDC's planning report, they noted that, while the natural resources-based economy must be resurrected, the tourism-based sector of the area's economy should also be nurtured to draw people to the area, give them a reason to stop and stay for a time, and most importantly, give them an opportunity to spend money at local businesses. Montana Department of Transportation traffic counts for 2009 show that over 3,000 vehicles traverse the county each day on Highway 287, with even higher counts occurring between Townsend and Helena. The BCDC stated, due to the lack of natural gas to the Townsend area, this is prohibiting growth of the commercial industry. The BCDC is developing a renewable energy pilot project, using local woody biomass to provide an alternative energy source for residential and commercial customers.

8. Agriculture

Broadwater County is sustained by agriculture, mining, forestry, and tourism. According to the 2007 Montana agricultural census (latest data), Montana as a whole had 29,524 farms, up from 2002 which had 27,870 farms. Broadwater County, in 2007, had 302 farms, with the average farm size of 1,572 acres, compared to the state average farm size of 2,079 acres. Broadwater County's total acreage of 796,000 acres, sixty percent is in agriculture, and eight percent of that is irrigated land. Total farm and ranch assets for Montana were \$1.61 Billion with 29.3% in cropland, 65.9% in rangeland and pasture, 3.3% in woodland and 1.5% in other land resources.

Broadwater County's main commodities of Cattle, Winter and Spring Wheat, Barley, Potatoes, and Forage crops sold, in 2007, had a market value of 25.5 million dollars. Sixty percent of the commodities sold were crops, while forty percent were livestock commodities.

Broadwater County has abundant water resources for agriculture, compared to other Montana counties. The 2007 Montana Agriculture census shows that over 50% of Broadwater County's cropland was under irrigation and over 70% of the crop yield harvested was produced from the productivity of irrigation. Total cash receipts from harvested crops, 85% came from irrigated acreage. Irrigated land constitutes only 8% of the total agricultural acreage, but represents 39% of the taxable valuation of all agricultural acreage. Irrigated lands generate 28% of the total taxable value of agricultural property.

Recreational and Aesthetic Features

In the 1950's the U.S. Bureau of Reclamation constructed Canyon Ferry Dam just north of Broadwater County for power generation and irrigation. Hunting, fishing and recreation have a long history in Broadwater County, and the county is developing a strong recreation/travel industry. The Broadwater Rod and Gun Club, formed in 1902, to influence fish and game management in the area. The Club facilitated planting of pheasants and trout in the valley. They also planted 36 head of elk up Dry Creek in 1916, which established a successful elk population in the Big Belt Mountains. In addition to generating electric power and providing irrigation water, Canyon Ferry Lake provides recreation opportunities of state-wide significance. Lake fishing, ice fishing, boating, camping, and picnicking are major recreation activities associated with the reservoir, and has contributed to the basic travel and tourism economy of the county. In the 1970's, the U.S. Bureau of Reclamation constructed dust-control ponds on the south end of the reservoir near Townsend. In cooperation with the Montana Department of Fish, Wildlife and Parks (FWP), the dust-control ponds are also managed to facilitate waterfowl nesting, which has resulted in excellent, productive habitat for ducks, geese and many shorebirds. The adjacent FWP Wildlife Management Area complements the waterfowl habitat and provides outstanding hunting for big game, pheasants and waterfowl, as well as opportunities for watching and photographing wildlife. Canyon Ferry Lake and the Missouri River have developed a reputation as high quality fisheries. Canyon Ferry Lake, the Missouri River from Three Forks to Townsend, Helena National Forest, Big Belt Mountains, Elkhorn Mountains, and numerous streams and lakes, and a rich history are amenities that drive a strong recreation and tourist industry.

Educational and Cultural Activities

There are three public schools (K-12) available in Townsend and the new high school can now host athletic, academic and arts events for the students. Helena offers the State of Montana - College of Technology, Carroll College, the

University of Montana-Extension, and the Maddios Hairstyling and Cosmetology College. Bozeman has the Montana State University.

Additional Comments

Health Care

The Broadwater County Health Center and Home Health facility is classified as a Small Rural Hospital. The facility has 9 hospital beds and laboratory and X-ray services. The Health Center provides physical therapy and home health care. The facility includes a nursing home with 35 beds. The staff includes two physicians and a practitioner. The Health Center provides ambulance service in Broadwater County, which includes an ambulance and 15 emergency medical technicians. Broadwater County owns the physical plant, although the facility is operated by a private non-profit district board of directors. The facility employs 85 personnel, one of the largest employers in the county.

Zoning

There is no county zoning in the Townsend area of Broadwater County that affects the subject property, however, if building is being considered in the county a septic system permit is required by the county and a state plumbing and electrical permit is required as well.

Government Considerations

Montana State Data

Montana's 2010 census reported 989,415 people residing in the state (rural 640,739 and urban 348,676), an increase of 9.7% over 2000. Population density measuring people per square mile was 6.8, dropping from 48th to 49th nationally. The total land area of Montana is approximately 145,388 square miles or over 93 million acres, with 64.1% of the state contained in farm and ranch lands, a total of 29,400 farms, averaging 2,068 acres, as reported from USDA in 2010. Montana's 2011 agricultural sector output was approximately 4.2 billion dollars, and the states number one industry. It is estimated that 80% of Montana's population is employed by agriculture and small businesses, which constitute 90% of the state's business community. Of these small businesses, 80% have one or two owners and less than ten employees. The state of Montana owns approximately 6% of the state lands, and the federal government owns 29.1%. Indian reservations hold 5.3% of the state, with the remaining 58.7% privately held, with the remaining 0.8% being water. Of the 29.1% federal ownership, approximately 18% is under National Forest Service control, with 8.7% under the Bureau of Land Management and approximately 3% contained in national Madison and other divisions.

Taxes

The State of Montana, through the Department of Revenue, is responsible for valuing all taxable real estate and personal property in the state. This property valuation is accomplished by appraisal/assessment offices located in each County in Montana. The amount of property tax is determined by multiplying the assessed value by a tax rate, set by legislature, to determine its taxable value. Taxable value is then multiplied by the mill levy established by the various taxing jurisdictions- city and County government, school districts, and others- that provide services in the area.

Additional Comments

Climate:

The area climate is continental in nature, and has four distinct seasons. The state of Montana receives from 12 to 24 inches of annual precipitation, with more than two thirds of that amount expected to fall during the annual growing season. This period extends from early May to September, with most precipitation falling in the form of scattered afternoon thunderstorms occasionally accompanied by strong winds, lightning and hail.

Summers are warm and mild, with frequent afternoon thundershowers. The annual frost-free season lasts from 100 to 120 days in this area. Fall can extend to late October, and winter snows typically begin to fall in November. Several feet of snow can accumulate in the mountainous areas around the subject from November through February. Annual temperatures commonly vary from 85 degrees to 90 degrees above zero to minus 40 degrees Fahrenheit; however, such extremes are not typically of a long duration.

Generally, spring weather begins in March, and warm summers extend into September. Falls are cool, with little snow falling until November or December. Winters are generally cold, with occasional blizzards accompanied by high winds. Montana lies in the strong belt of westerly's, which move out of the Pacific Ocean and deposit much of their precipitation on the mountain ranges of the Pacific Northwest and Montana. The average storm track out of the semi-permanent Gulf of Alaska Low is across British Columbia and eastward across the prairie provinces of Alberta and Saskatchewan. When this weather regime is entrenched firmly over western North America, Pacific weather systems have already lost a considerable portion of their moisture on the coastal ranges before reaching Montana. The remaining precipitation is largely confined to the state's mountains.

Over most of Montana June is the wettest month, followed by May, with the exception of some areas of the northwest. The average rainy season is from May 20th through June 20th. The wettest week of the year is usually the first week of June. July and August are normally Montana's warmest months, and precipitation usually falls as showers during thunderstorms. A generalized rain pattern is quite rare. Also, a marked difference exists between the thunderstorms in July and August and those of May and June. The rainy season thunderstorms are associated with large-scale storm systems well endowed with moisture as well as strong temperature differences. The resulting heavy rains and hail can cover extensive areas of the state and often move from the east to the west, releasing torrential rains as they lift over the mountains. As the air masses become warmer and drier in July and August, the convective activity generally moves from the southwest to the northeast ahead of Pacific systems, with hail tracks tied to the topography of the state. July and August thunderstorms, while more scattered and often drier, may be destructive, with wind and hail. The higher bases of the clouds create "dry thunderstorms" and their accompanying vivid lightning, spectacular to viewers.

September in Montana is an obvious transition month and is extremely variable. Hot weather may end abruptly during the end of August or the first part of September as a major storm sweeps the state. The first snow may fall during the first week of September, and the growing season often ends with a sharp freeze. The east slopes of the Rockies experience an upsurge of precipitation, a "mini" wet season, which is very important in the sprouting of winter wheat.

October's normal temperature and precipitation can be rather surprising. October's Indian summer weather is often the most pleasant of the entire year, and temperatures are usually a little warmer than April. However, a vicious fall snowstorm, much like its cousin the April snowstorm, can also sweep the state. Some years October has been the driest month of the year. By November the annual intensification of the Gulf of Alaska Low is underway, and strong southwesterly winds associated with Pacific weather systems again sweep over the divide onto the plains. Arctic air deepens over northern Canada as the days shorten. The first major arctic outbreak with below-zero temperatures may reach the plains east of the divide during November, but normally it occurs the first week of December.

Additional Comments

Montana Agriculture

Montana's 60.2 million acres of farms and ranches ranks second in the nation behind Texas in total amount of land in agriculture. The total land area of Montana is approximately 145,388 square miles, with 64.1% of the state contained in farm and ranch lands. The farm population of the state, at 45,718, averages 0.4 people per farm.

Of the approximately 60 million acres in use as farm and ranch lands, 66% is comprised of rangeland, with 30% containing croplands (8.5 % irrigated). The total number of farms and ranches in the state of Montana has continually decreased since 1933, when there were 53,000 units. As of 2007 (the latest data available for Montana) it is estimated that there are approximately 29,500 farms and ranches located in the state. The average size of farms and ranches in the state is approximately 2,079 acres. A look at this 2011 agricultural production and inventory rankings shows Montana holds its own among states, according to USDA, National Agricultural Statistics Service, Montana Field Office. Montana ranked second for land in farms with 60.8 million acres in 2010. Texas ranked first with 130.4 million acres and Kansas ranked third with 46.2 million acres. Montana ranked thirty-first for number of farms with 29,400, while Texas ranked first with 247,500 farms. Montana ranked second behind Wyoming for average farm size with 2,068 acres.

Data from NASS March 1, 2012 updated report on Montana: Montana ranked third for all wheat production in 2011, accounting for 8.8% percent of the U.S. total, surpassed by North Dakota and Kansas. Montana ranked third for durum wheat, third for winter wheat, and second for other spring wheat production, accounting for 21.4 percent, 6.0 percent, and 16.3 percent, respectively, of the nation's total. For durum and spring wheat production, North Dakota ranked first. Kansas ranked first for winter wheat production, followed by Texas, Oklahoma, Washington, and Colorado. Montana accounted for 19.9 percent of the nation's barley, ranking third behind North Dakota and Idaho.

Montana ranked second, behind North Dakota, for flaxseed production, accounting for 7.5 percent of the nation's total. Montana ranked first in lentils and dry edible peas. With safflower production, accounting for 6.9 percent of the U.S. total. Montana ranked sixth for sugar beet production with 4.1 percent of the U.S. total, behind Minnesota, North Dakota, Idaho, and Michigan. Montana ranked third for 2011 for alfalfa hay production with 6.7 percent of the nation's total, behind California, South Dakota, and Idaho. Montana ranked eighth for all sheep and lamb inventory on January 1, 2012 with 225,000 head and 4.2 percent of the U.S. total. Montana ranked sixth for breeding sheep inventory with 210,000 head and 5.3 percent of the U.S. total. Montana ranked seventh for lamb crop with 205,000 head or 5.8 percent of 2012 the U.S. total, preceded by Texas, California, South Dakota, and Wyoming. Montana ranked eighth for wool production with 1.85 million pounds or 6.3 percent of the U.S. total. Montana's all cattle and calves inventory on January 1, 2012, ranked eleventh in the nation with 2.5 million head, or 2.8 percent of the U.S. inventory. Montana ranked ninth for all cows with 1.47 million head, accounting for 3.8 percent of the U.S. total, and sixth for beef cows with 1.456 million head, accounting for 4.9 percent of the U.S. inventory. Montana ranked seventh for calf crop with 1.47 million head, accounting for 4.2 percent of the U.S. total.

Montana beekeepers produced 13.34 million pounds of honey or 9.0 percent of the nation's total in 2011, placing Montana in fourth place among the states.

Montana's Rank in the Nation's Agriculture

ITEM	TOTAL	UNIT	PERIOD OR DATE	RANK	% U.S. Total
Number of farms and ranches	29,400	farms/ranches	2010	31	1.3
Land in farms and ranches	60,800,000	acres	2010	2	6.6
Average Farm Size	2,068	acres	2010	3	N/A
INCOME FROM CASH RECEIPTS, EXCLUDING GOVERNMENT PAYMENTS					
Total	2,565,054	thousand dollars	2009	33	0.9
Crops	1,515,649	thousand dollars	2009	30	0.9
Livestock	1,049,404	thousand dollars	2009	32	0.9
LIVESTOCK INVENTORY					
All Cattle and Calves	2,500,000	head	Jan. 1, 2011	11	2.7
All Cows	1,490,000	head	Jan. 1, 2011	9	3.7
Beef Cows	1,476,000	head	Jan. 1, 2011	7	4.8
Milk Cows	14,000	head	Jan. 1, 2011	40	0.2
Cattle on Feed	30,000	head	Jan. 1, 2011	23	0.2
All Sheep and Lambs	230,000	head	Jan. 1, 2011	8	4.2
Breeding Sheep	215,000	head	Jan. 1, 2011	5	5.2
Meat and Other Goats	7,000	head	Jan. 1, 2011	39	0.3
Milk Goats	2,600	head	Jan. 1, 2011	32	0.7
Hogs and Pigs	180,000	head	Dec. 1, 2010	22	0.3
Chickens	535,000	head	Dec. 1, 2010	35	0.1
LIVESTOCK PRODUCTION					
Calf Crop	1,490,000	head	2010	7	4.2
Lamb Crop	225,000	head	2010	5	6.3
Pig Crop	441,000	head	2010	25	0.4
Wool Production	2,000,000	pounds	2010	6	6.5
Egg Production	119,000,000	eggs	2010	35	0.1
Honey Production	11,618,000	pounds	2010	5	6.6
CROP PRODUCTION					
All Wheat	215,360,000	bushels	2010	3	9.8
Winter Wheat	93,600,000	bushels	2010	6	6.3
Durum Wheat	18,020,000	bushels	2010	2	16.8
Other Spring Wheat	103,740,000	bushels	2010	2	16.8
Barley	38,440,000	bushels	2010	3	21.3
Oats	1,647,000	bushels	2010	17	2.0
All Hay	6,105,000	tons	2010	6	4.2
Alfalfa Hay	4,485,000	tons	2010	4	6.6
Other Hay	1,620,000	tons	2010	17	2.1
All Dry Beans	359,000	cwt	2010	10	1.1
Pinto Beans	275,000	cwt	2010	9	2.0
Garbanzo Beans	84,000	cwt	2010	5	4.3
Lentils	3,359,000	cwt	2010	2	38.8
Dry Edible Peas	4,140,000	cwt	2010	2	29.1
Austrian Winter Peas	110,000	cwt	2010	1	46.4
Fall Potatoes	3,673,000	cwt	2010	12	1.0
Sugar Beets	1,254,000	tons	2010	5	3.9
Flaxseed	255,000	bushels	2010	2	2.8
Safflower	22,950,000	pounds	2010	2	10.4
Canola	30,102,000	pounds	2010	5	1.2
Corn for Grain	4,590,000	bushels	2010	38	1/
Corn for Silage	1,080,000	tons	2010	23	1.0

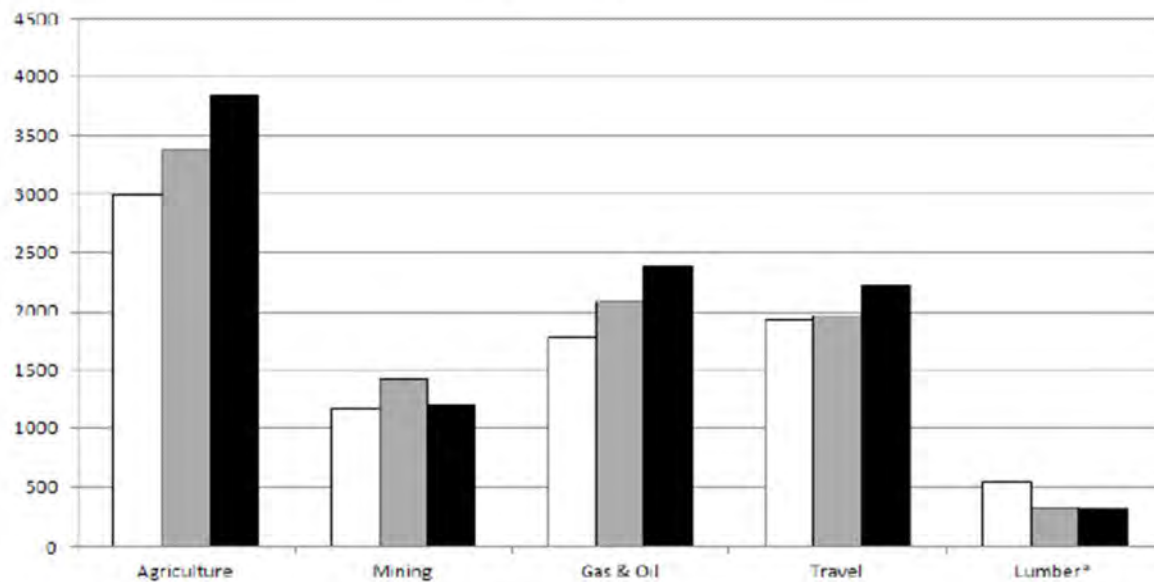
1/ Less than one-tenth of one percent.

Value Added to the U.S. Economy by the Agricultural Sector, Montana

Item	2006	2007	2008	2009	2010	2011
Million Dollars						
Value of crop production	903.6	1,302.3	1,732.2	1,720.9	1,907.3	1,949.1
Food grains	698.3	889.9	1,191.3	1,002.0	1,036.5	1,372.0
Feed crops	180.0	227.3	313.2	421.4	415.9	440.9
Oil crops	9.7	10.6	12.8	12.6	16.2	17.8
Fruits and tree nuts	1.7	7.1	7.9	5.5	7.9	7.9
Vegetables	60.3	105.3	104.6	109.4	163.1	157.5
All other crops	106.5	97.6	92.1	111.0	139.7	126.0
Home consumption	1.9	1.7	2.0	1.2	1.1	1.5
Value of inventory adjustment 1/	(154.8)	(37.1)	8.2	57.8	126.8	(174.5)
Value of livestock production	1,215.6	1,349.2	1,183.8	1,026.2	1,219.9	1,425.5
Meat animals	1,106.4	1,019.7	1,062.8	968.9	1,152.1	1,266.5
Dairy products	45.6	61.1	58.0	42.8	48.0	56.3
Poultry and eggs	4.8	10.1	11.7	8.7	8.5	9.6
Miscellaneous livestock 3/	52.8	43.5	47.1	48.4	54.9	87.6
Home consumption	6.1	5.2	6.3	5.8	6.8	6.5
Value of inventory adjustment 1/	(0.2)	209.5	(2.1)	(48.3)	(54.4)	(1.0)
Revenues from services and forestry	652.6	697.0	788.1	693.0	554.5	781.8
Machine hire and custom work	44.2	59.7	51.8	136.4	48.6	69.0
Forest products sold	3.0	3.0	3.0	3.0	3.0	3.0
Other farm income	194.9	188.0	214.4	224.2	166.9	353.1
Gross imputed rental value of farm dwellings	410.6	446.3	518.9	329.3	335.9	356.7
Value of agricultural sector production 2/	2,771.7	3,348.5	3,704.1	3,440.1	3,677.7	4,156.5

Montana Selected Industries Comparison

2009-2011



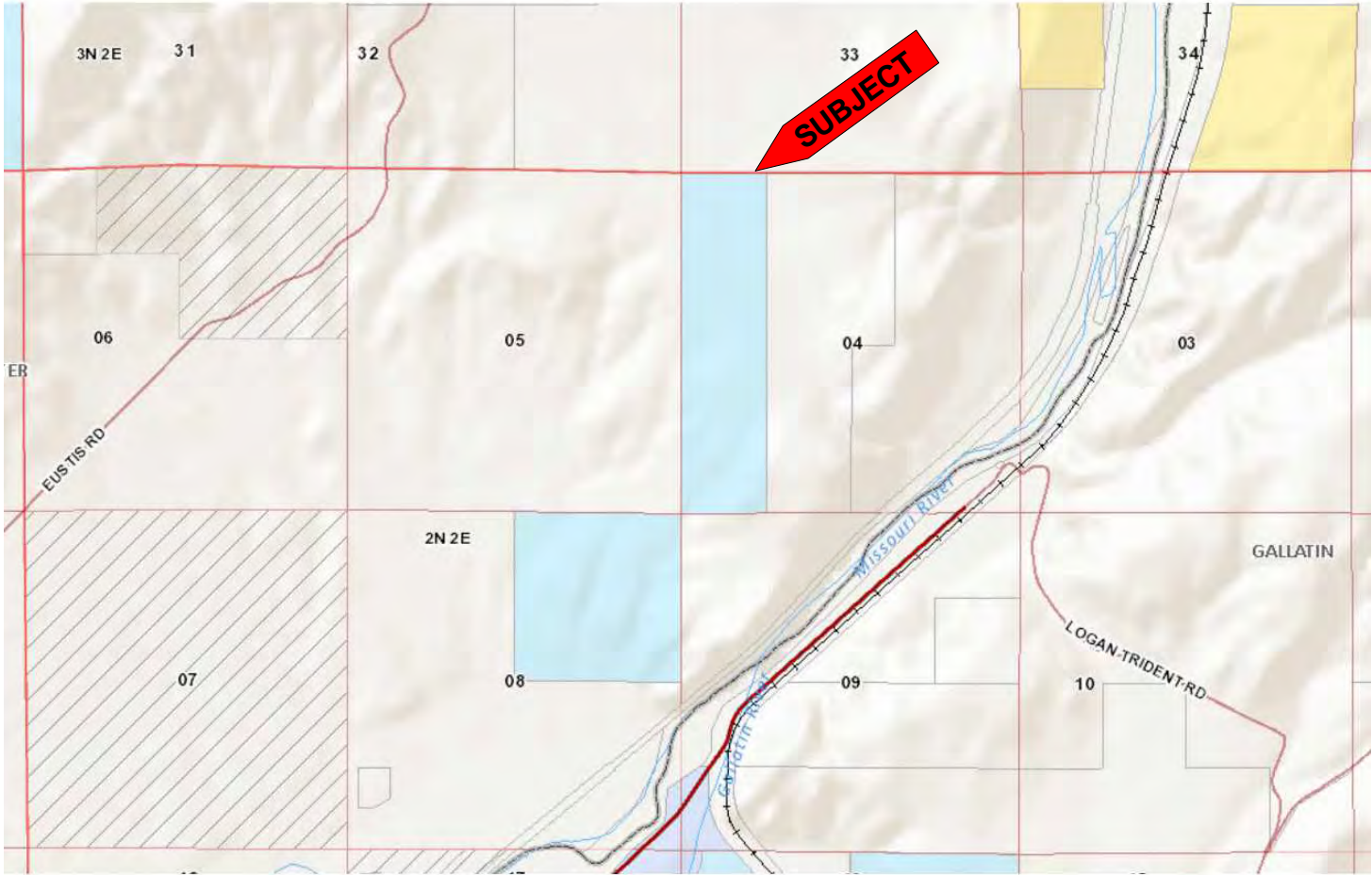
* Wood & Paper Products

□ 2009 ■ 2010 ■ 2011

Economic 14

2012 Montana Agricultural Statistics

Map Addendum



Property Description: (*Location, use and physical characteristics*) The subject property is located 3.5 air miles northwest of Three Forks, MT. The property is accessed from Eustis Road, a county gravel road, to a two track road. The subject property is landlocked and does not have legal access. As instructed, the appraiser will appraise the subject property as having legal access and "as-is" with no legal access. The property is rectangular in shape and runs north and south length wise. The property is native rangeland with limited sage-brush cover and no timber/junipers. It is evident that the property was crop ground at one time in the northern portion of the property. The terrain in the northern portion is fairly level and as the property proceeds to the south it becomes more rolling. There is no developed water on the property. The property is partially perimeter fenced with areas of down fence around the entire tract. What fence does exist, consists of wood posts and three to four strand barbed-wire. The views from the property are average as it is sheltered on all four sides by the surrounding terrain.

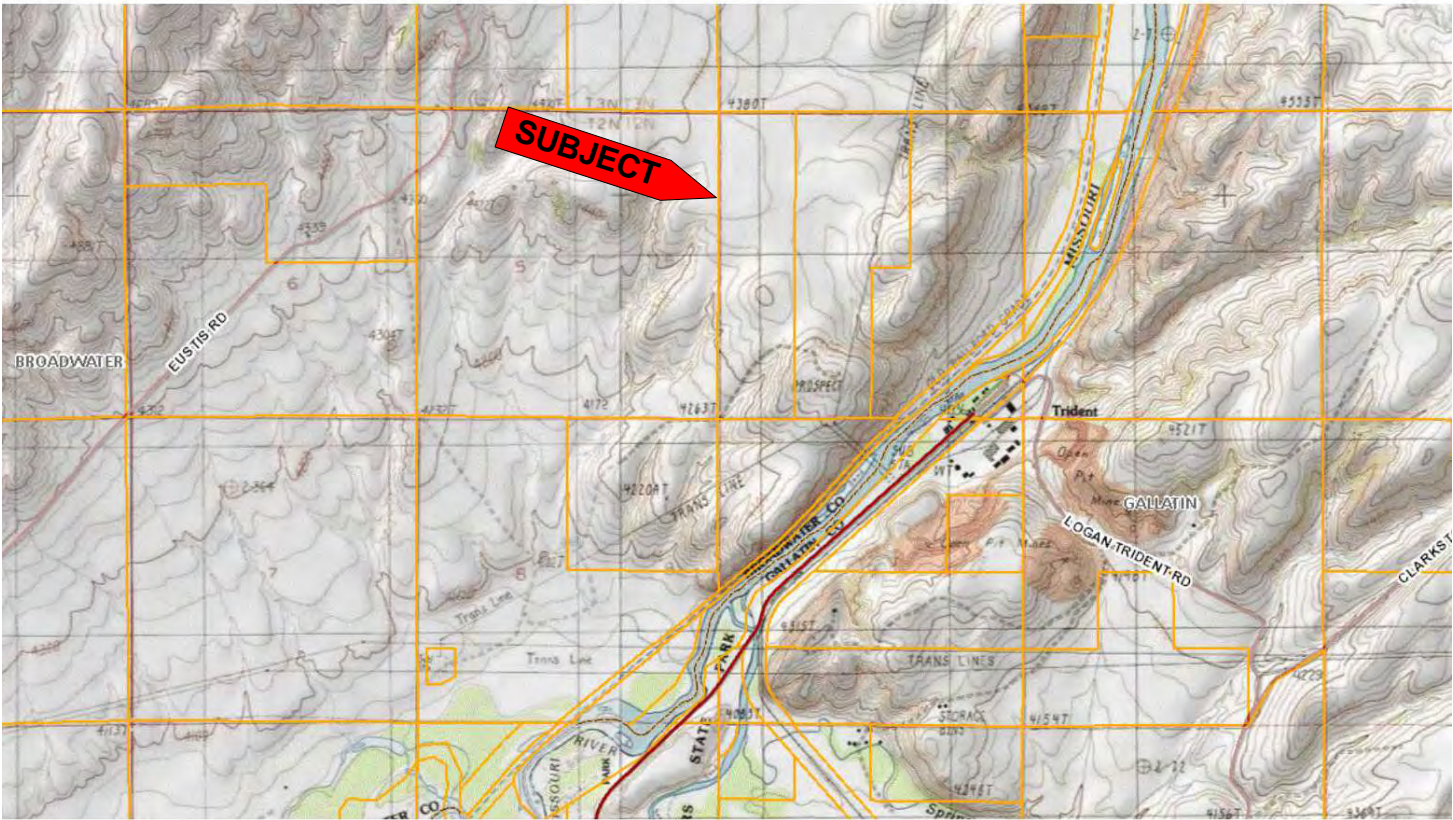
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Land Use	Deeded Acres	Unit Type	Unit Size	Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Irrg Land			(0.0%)	Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dry Cropland			(0.0%)	Legal Access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hay Land			(0.0%)	Physical Access	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tame Pasture			(0.0%)	Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rangeland	161.63	Acres	(100.0%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Farmstead			(0.0%)	Adequacy Utilities	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Roads/waste			(0.0%)	Services	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other			(0.0%)	Rentability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Leases			(0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreation			(0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total Deeded Acres	161.63	Total Units	0.00	FEMA Zone/Date	2/9/1982			
			(100 %)	Building Location				

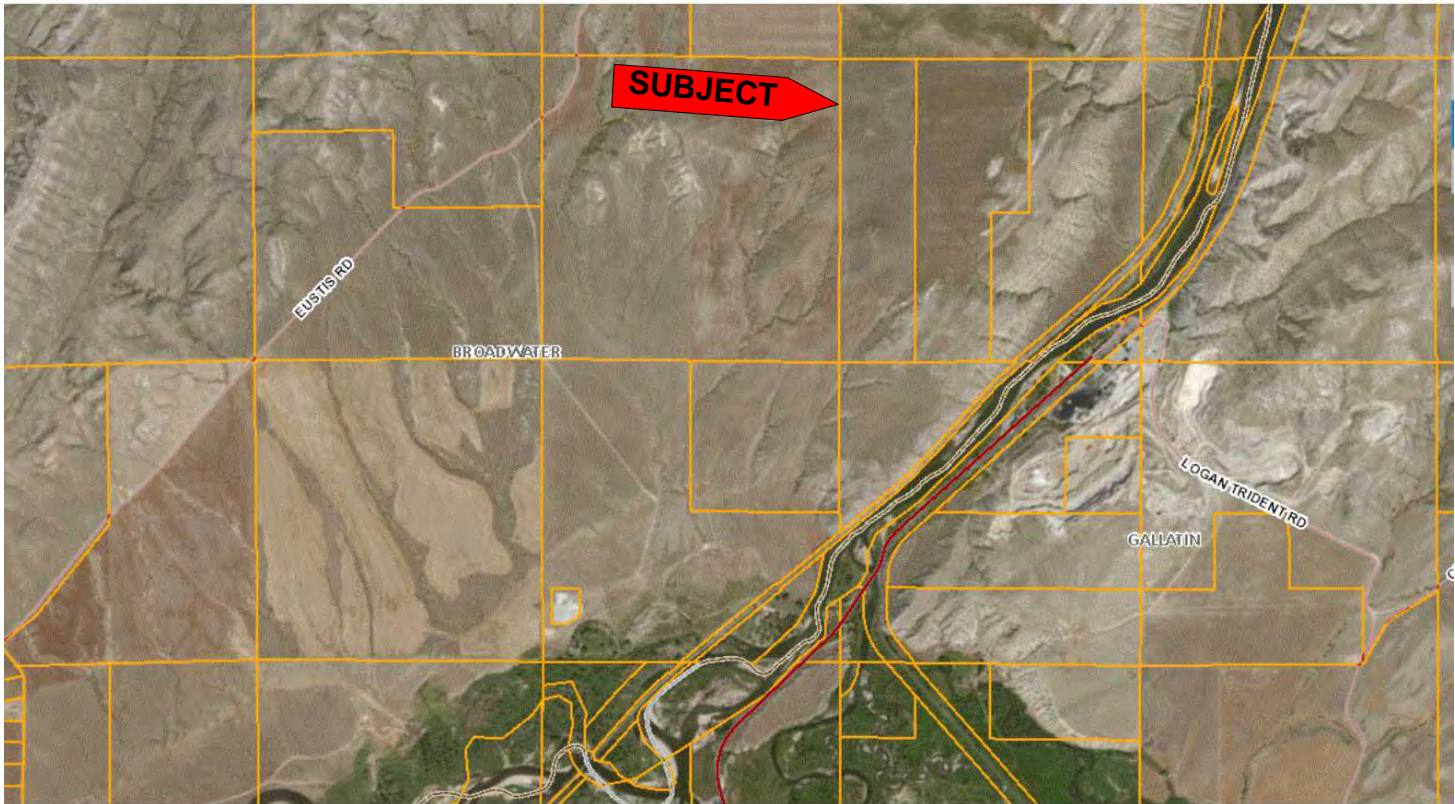
Climatic:	10-18	" Annual Precipitation	4200	' to	4400	' Elevation	90-110	Frost-Free Days
Utilities:	Wells	Water	1/4 mile	Electric	Septic	Sewer	Propane	Gas
Distance To:	10	Schools	40	Hospital	40	Markets	9	Major Hwy.
								Cnty Lnk Telephone Service Center

Comments There are no hazards or detriments that materially affect the value of the subject property. The subject is susceptible to the area weather but the surrounding area receives the same type of weather. The weed liability on the property is above average for this unit in this area. Given the date of inspection, grass and weeds have not yet started growing so the amount and type that might exist is unknown. Should this be of concern, a weed specialist should be engaged to inspect the weeds during the growing season in order to estimate the expected liability. This appraisal assumes that the weeds are not toxic and the appraiser reserves the right to update the appraisal should the area found to be hazardous. The Appraiser is not an expert in either the detection of hazardous or toxic substances or structural engineering, and did not conduct an environmental audit of the subject property. The property is being appraised assuming there are no toxic or hazardous substances present or associated with the subject property that would affect value. The Appraiser reserves the right to reassess the situation and adjust values if deemed necessary. A detailed search was not undertaken to ascertain the exact status of the mineral estate on the subject parcels. However, in reviewing the past warranty deeds related to the subject property it appears that all minerals are attached to the surface rights of the subject property.

Map Addendum



Map Addendum



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Photo taken at the north boundary viewing east along the north boundary.



Photo viewing southeast across the unit.

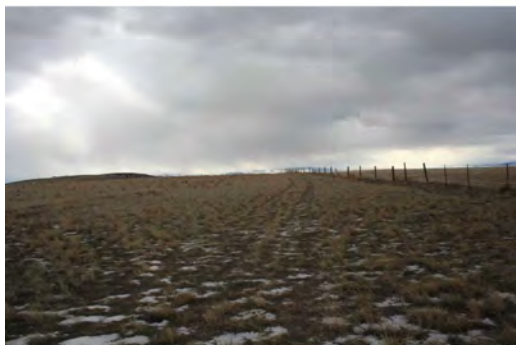


Photo viewing south along the west boundary.



Photo viewing south along the west boundary.



Photo viewing east across the subject property.



Photo viewing east across the subject property.



Photo viewing east across the unit.

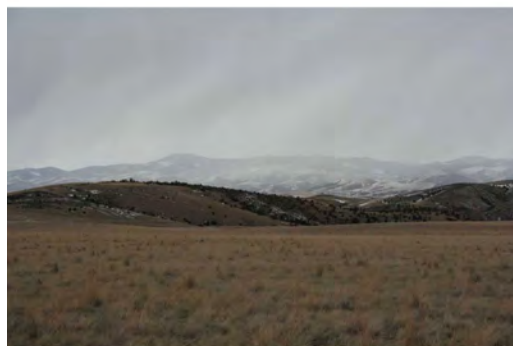


Photo viewing northeast across the unit towards the northeast corner.

Sales Comparison Approach (1-5)

Sale Data	Sale Data	Subject	Sale #1 1	Sale #2 2	Sale #3 3	Sale #4 4	Sale #5 5
	Grantor (Seller)		Stanley Kimm	Scofield Irr. Trust	Scofield Irrevocable Tr.	Elaine Mann	Dykman, et al
	Grantee (Buyer)		Dennis & Irene Rahn	John & Corrine Clark	Huempfer, Michael	Kimpton UL, LLC	Davis Homestead, LLC
	Source		Buyer	Seller	Buyer/Broker	Realtor	FCS/Grantee
	Date	Eff 02/13	02/13	10/12	07/12	10/11	04/10
	Eff Unit Size/Unit	161.63 / Acre	318	316	1,612	160	258
	Sale Price		256,000	292,000	1,015,000	315,000	340,000
	Finance Adjusted		Cash	Cash	Cash 0	Cash	Cash
	CEV Price		256,000	292,000	1,015,000	315,000	340,000
	Multiplier						
	Expense Ratio				19.85		

The Appraiser has cited sales of similar property to the subject and considered these in the market analysis. The description below includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and the sales documented. When significant items are superior to the property appraised, a negative adjustment is applied. If the item is inferior, a positive adjustment is applied. Thus, each sale is adjusted for the measurable dissimilarities and each sale producing a separate value indication. The indications from each sale are then reconciled into one indication of value for this approach.

CEV Price/ Acre		805.03	925.46	629.78	1,968.75	1,319.31
LAND AND IMPROVEMENT ADJUSTMENTS						
Land Adjustment		0.00	0.00	-254.78	0.00	0.00
Impvt. Adjustment		0.00	0.00	0.00	-783.75	0.00
Adjusted Price		805.03	925.46	375.00	1,185.00	1,319.31
TIME ADJUSTMENTS						
<input type="checkbox"/> Yr <input checked="" type="checkbox"/> Mo	Periods	0	0	0	0	0
<input type="checkbox"/> Smpl <input checked="" type="checkbox"/> Cmp	Rate	0.00	0.00	0.00	0.00	0.00
<input type="checkbox"/> Auto <input checked="" type="checkbox"/> Man	Time Adjustment	0.00	0.00	0.00	0.00	0.00
	Time Adj. Price	805.03	925.46	375.00	1,185.00	1,319.31
OTHER ADJUSTMENTS						
Location	Adjustment	Superior -400.00	Superior -400.00	Similar	Superior -600.00	Superior -600.00
Recreational Influ	Adjustment	None	None	None	None	Yes -200.00
Size	Adjustment			Inferior 150.00		
	Adjustment					
	Adjustment					
Net Adjustments		-400	-400	-105	-1,384	-800
ADJUSTED PRICE		405	525	525	585	519

Analysis/Comments: *(Discuss positive and negative aspects of each sale as they affect value)*

Prior to any adjustments the five range from \$629 to \$1,968 per acre. No market adjustment, positive or negative, could be determined from the area market for the time frame of the five sales used in this appraisal. Market data, although more sales are occurring in the area, are still fairly limited. The five sales used are the most current and most comparable to the subject property. Once the land/mix adjustment is made, the five sales range from \$375 to 1,319 per acre. Through the pairing process it was determined that four of the five sales are superior to the subject property for location. They are located in areas that are in higher demand with better access and subdivision influence. The most similar located sale is Sale 3. Thus in pairing Sale 1 and 2 to Sale 3 a negative \$400 per acre adjustment is concluded and applied to Sales 1 and 2 for their superior location. In pairing Sales 4 and 5 with Sale 3 a negative \$600 per acre adjustment is concluded. This pairing indicated a larger adjustment but it is the appraisers opinion that there are other influences affecting these sales and an additional adjustment will be made.

Continue on page 26:

Sales Comparison Approach Summary:

Property Basis (Value Range): \$ _____ to \$ _____
 Unit Basis: \$ 500.00 / Acre X 161.63 Acre = \$ 80,815.00
 Multiplier Basis: \$ _____ X _____ (multiple) = \$ _____

Sales Comparison Indication:

\$ _____ See Page 26

Pairing Adjustment Summary (1-5)

Insert the "Land Adjusted" prices for each sale. At this point in the process, the sales and the subject are equal with regard to land mix or land components. View data for pairings and adjustment conclusions. Vacant and/or improved sales should be considered.

Sale Summary		Sale #1 1	Sale #2 2	Sale #3 3	Sale #4 4	Sale #5 5
	Sale Date	02/13	10/12	07/12	10/11	04/10
	Size	318.00	315.52	1,611.68	162.00	257.71
	Financing	Cash	Cash	Cash	Cash	Cash
	Sale Price \$/ Acre	\$ 805.00	\$ 925.46	\$ 629.78	\$ 1,968.75	\$ 1,319.31
	Land Adjustment	\$ 0.00	\$ 0.00	\$ -254.78	\$ -783.75	\$
	Land Adjusted Price	\$ 805.00	\$ 925.46	\$ 375.00	\$ 1,185.00	\$ 1,319.31

Time	<input type="checkbox"/> Auto Calc Periods	TIME ADJUSTMENTS				
	<input checked="" type="checkbox"/> Manually Calc Periods					
	Eff Appraisal Date	02/13	02/13	02/13	02/13	02/13
	<input type="checkbox"/> Yr. <input checked="" type="checkbox"/> Mo. Periods	0	0	0	0	0
	<input type="checkbox"/> Smpl <input checked="" type="checkbox"/> Cmp Rate	0.0	0.0	0.0	0.0	0.0
	Time Adjustment	0.00	0.00	0.00	0.00	0.00
	Time Adj. Price	805.00	925.46	375.00	1,185.00	1,319.31

The adjustments below are intended to be used in the Sales Comparison Approach only.

Other	Location Adjust.	Compare Sale # 3 with Sale # 1 = \$ -430.00 difference			
		Compare Sale # 3 with Sale # 2 = \$ -550.46 difference			
		Compare Sale # with Sale # = \$ difference			
	Conclude:				
	\$ -400.00				
	Adjustment	\$ -400.00	\$ -400.00	\$	\$
	Subtotal	\$ 405.00	\$ 525.46	\$ 375.00	\$ 1,185.00
				\$ 1,185.00	\$ 1,319.31

Other	Location Adjust.	Compare Sale # 3 with Sale # 4 = \$ -810.00 difference			
		Compare Sale # 3 with Sale # 5 = \$ -944.31 difference			
		Compare Sale # with Sale # = \$ difference			
	Conclude:				
	\$ -600.00				
	Adjustment	\$	\$	\$ -600.00	\$ -600.00
	Subtotal	\$ 405.00	\$ 525.46	\$ 375.00	\$ 585.00
				\$ 585.00	\$ 719.31

Other	Rec. Influ Adjust.	Compare Sale # 5 with Sale # 1 = \$ 314.31 difference			
		Compare Sale # 5 with Sale # 2 = \$ 193.85 difference			
		Compare Sale # 5 with Sale # 3 = \$ 344.31 difference			
	Conclude:				
	\$ -200.00				
	Adjustment	\$	\$	\$	\$ -200.00
	Subtotal	\$ 405.00	\$ 525.46	\$ 375.00	\$ 585.00
				\$ 585.00	\$ 519.31

Other	Size Adjust.	Compare Sale # 3 with Sale # 4 = \$ -210.00 difference			
		Compare Sale # 3 with Sale # 5 = \$ -144.31 difference			
		Compare Sale # with Sale # = \$ difference			
	Conclude:				
	Adjustment	\$	\$	\$ 150.00	\$
	Subtotal	\$ 405.00	\$ 525.46	\$ 525.00	\$ 585.00
				\$ 585.00	\$ 519.31

Comments and Conclusions:

Sales Comparison Comments

Sale 5 indicated that there were some recreational influences affecting the sale price of this property. In pairing Sale 5 with Sales 1, 2, and 3 a negative \$200/acre adjustment is concluded and applied to Sale 5. Sale 3 consisted of three non-contiguous tracts of land. Although Sale 3 is the largest sale in the data set, it was analyzed and allocated for the three different tracts that made up this sale. However, in pairing Sale 3 with Sales 4 and 5 a small size adjustment is concluded and applied to Sale 3. A positive \$150/acre adjustment is warranted. Once all the adjustments are made the five sales range from \$405 to \$585/acre. As stated the subject property is being appraised using a Hypothetical Condition that the subject has legal access as well as "as-is"; which is a landlocked parcel with NO legal access.

Under the Hypothetical Condition that the subject property has legal access a final opinion of value of **\$525/acre** is concluded and applied to the subject property.

From our database of paired access sales, which totals 72 pairings, paired sales from Jefferson, Broadwater, Lewis & Clark, and Gallatin County were used to determine an access discount for the subject property to conclude an opinion of value "as-is" of the subject property with no legal access. The pairings from the four counties totalled nineteen pairs that indicated an average discount of 46.4% for properties with no legal access. A discount of 46% is concluded and applied to the subject property for no legal access.

161.63 Acres x \$525/Ac = \$84,856

Less 46% (\$39,034) = \$45,822

Therefore, the two values for the subject property are as follows. The appraiser was instructed to value the subject property using a Hypothetical Condition that the subject property has legal access and "as-is" as a landlocked tract with no legal access.

Subject with Legal Access: \$85,000

Subject "as-is" NO legal access: \$46,000

Sale 1: \$805 per acre unadjusted and \$405 per acre adjusted for superior location. Sale 1 is set to close February 22, 2013. Sale 1 consists of 318 acres of rangeland surrounded on three sides by platted subdivisions. Sale 1 is located one mile north of Wheat Montana and five miles west of the subject property. Sale 1 is accessed by a county paved road along the south boundary. The south half of the property is level and as the property proceeds north becomes more rolling terrain. Does have a seasonal drainage crossing the northern portion but has been dry for several years. The property was listed for twice what the sale price is and according to the buyer, the seller had an offer of \$1,500/acre but refused to sale because the offer was from a local developer and he (seller) didn't want to see the tract divided. Although this sale is used in the dataset it has yet to close but was used because it is the most recent sale found in the market and the rangeland quality is similar to the subject's although Sale 1 is superior for location.

Sale 2: \$925 per acre unadjusted and \$525 per acre adjusted for superior location. Sale 2 sold in October 2012 and consists of 316 acres. Sale 2 is located one mile north of Wheat Montana and four miles west of the subject property. Sale 2 is accessed off of Old Town Road, a paved county road, and is bordered along the west boundary by Highway 287. Buyer purchased property as an investment and intends to run some cows on it. The seasonal ditch has not had water in it for several years, but the property does have some water rights with it that sold with the property. There is a electrical transfer station located at the northwest corner that is not part of the property. Overall, this property is a good indicator of value once it is adjusted for the superior location.

Continue Next Page

Sales Comparison Comments

Sale 3: \$629 per acre unadjusted and \$525 per acre adjusted for land/building mix and inferior size. Sale 3 sold in July 2012 and consists of three non-contiguous tracts of land totalling 1,612 deeded acres. All three parcels are within five miles of the subject property. Although Sale 3 is the largest sale in the dataset it is the best indicator of value for the subject property. Located in Broadwater and Gallatin Counties with most of the land being in Broadwater County. Access is the Old Town and Eustis Roads, county roads. Section 18 in Broadwater and some of the Gallatin Co. land was reported to not have legal access but buyer stated that an access easement did run with Section 18 so he felt he had legal access. The buyer allocated \$300 per acre for Section 18, \$375 per acre for all other rangeland and around \$1,500 for the river bottomlands. He stated that there is a small amount of land in the river piece on the east side of the river that might have a build site but the remainder is in the flood plain so essentially an open space flood plain type of allocation. The sale is closing in 2 transactions. The first transaction is the portion of the land totalling 1,550.68 acres that they had good legal descriptions on. This sold for \$900,000. The next closing is for \$115,000 that was a piece of river ground that was thought to be 60 acres that had to be surveyed. This land surveyed out at around 121 acres but a lot of it was in the river and an island was reportedly involved. The price was based on 60 acres to that is the acreage that was used in this write up. River, springs, stock dams and wells provide stock water. The vegetation is native range grass with cottonwoods and riparian species along the river. Buyer was a neighboring land owner but the property was listed with Vellinga Real Estate. A portion of the river piece has an old railroad right-of-way going through it that was owned by buyer so it severed a portion of the property from the western lands.

Sale 4: \$1,968 per acre unadjusted and \$585 per acre adjusted for land/building mix and superior location. Sale 4 sold in October 2011 and consists of 160 acres. Sale 4 is located fifteen miles north of Wheat Montana and thirteen miles northwest of the subject property. Well for the pivot had minerals at the bottom so quit. The well was a deep well too. It is now used for stock water. They took the pivot off and sold it separately. \$10,000 worth of machinery included in overall sale which was \$325,000, removed from price above. Apartment and shed were newer. Not very desirable buildings in the market according to the broker. Buyer purchased to make a feedlot on the property. Buildings not your typical looking buildings. Property is access by a county gravel road and overall is highly superior to the subject unit and sets the high end of the bracketed range.

Sale 5: \$1,319 per acre unadjusted and \$519 per acre adjusted for superior location and recreational influences. Sale 5 sold in April 2010 and consists of 258 deeded acres. Sale 5 is located five miles northeast of Toston and twenty miles north of the subject property. Listed for 3.5 years. Unimproved tract sale. Surrounded by privately held lands. USFS 1 mile to east. Adjoining lands are comprised of mid to large size tracts. The area is comprised of larger traditional livestock/farming operations, with a mix of recreational and/or part-time farm properties. The property is beyond the areas of significant rural residential pressures associated with areas closer to Gallatin County and near Canyon Ferry Res. Located near the base of the Belt Mountains, considering the size the topography of this unit is relatively diverse. Dry Creek, a small perennial creek, flows through the northern tip of the property providing a source of water to livestock and area wildlife and livestock alike. This area is characterized by nearly level to gently rolling terrain. Typical for the areas small creek systems, willow cover ample along banks of Dry Creek gives way to sagebrush and juniper cover as you move away from the creek. There are various smaller draws/coulees running from south to north converging with a more prominent draw along the northeastern boundaries. There is ample tree and brush cover located within these draws and coulees. The southern portion is open rolling grassland meadows with excellent views of mountains. Overall, once the adjustments are made, this property is similar to the subject property and gives good support for the concluded opinion of value.

Reconciliation and Opinion of Value

Summary

Cost Approach	\$	
Income Approach	\$	
Sales Comparison Approach	\$	See Page 26

Discussion & Correlation of Values

Analysis of Each Approach and Opinion of Value: The COST APPROACH is most applicable when appraised property's improvements are new and represent the highest and best use of the land. Additionally, the Cost Approach is useful when there is a good bank of open land sales that are dependable and reliable and when the costing information is from excellent sources. Since the subject property is unimproved and consists of only one land class, rangeland, the Cost Approach would be redundancy of the Sales Comparison Approach and thus no applicable to this appraisal.

The SALES COMPARISON APPROACH is based on a direct comparison of similar properties which have sold in the subject area or a competing area. Given the nature of the market similar properties for direct pairings were not available for adjustments for all factors of value but there was the ability to identify market supported adjustments for the components or factors affecting value as identified. The Sales Comparison Approach was utilized in this report and is felt to be a reliable approach to value given that it is relied upon heavily by buyers and sellers and the nature of the quantity and quality of data available.

The INCOME APPROACH is based on the stabilized net income potential of the land and market indicated capitalization rates representing buyers' expected returns on similar properties. Properties in the area have minimal economic use relative to rental values and rents cannot support value trends in this market which has transitioned from agricultural uses to a higher use of rural recreational investment. While some are used for agricultural grazing and fee hunting, the fees generated by such uses do not justify, nor are they relevant to, an economic valuation of the properties. As such, a valuation of properties such as the subject utilizing the Income Approach is not appropriate. Therefore, the Income Approach is not applicable.

The appraiser employed one of the three traditional methods of estimating the market value of the subject property. The sales used are sales that possess features and characteristics generally similar to those of the appraised property. This sales data was used within the sales comparison to value and reflect a relatively narrow range that lends a high degree of confidence to the final appraised value. In the final analysis, the sales comparison more representative of the area market. The concluded value considers the fee simple ownership rights of the real property described herein and is in terms of cash including land and buildings.

Allocation of Value

Opinion Of Value -	(Estimated Marketing Time	12-18	months, see attached)	\$	See Page 26
Cost of Repairs	\$				
Cost of Additions	\$				
Allocation:	(Total Deeded Units: 161.63)	Land:	\$	0	/ (0 %)
		Land Improvements:	\$	0	/ (0 %)
		Structural Improvement Contribution:	\$	0	/ (0 %)
Value Estimate of Non-Realty Items:					
Value of Personal Property (local market basis)	\$				
Value of Other Non-Realty Interests:	\$				
Non-Realty Items:	\$		\$	0	/ (0 %)
Leased Fee Value (Remaining Term of Encumbrance)	\$		\$	0	/ (0 %)
Leasehold Value	\$		\$	0	/ (0 %)
Overall Value	\$		\$	0	/ (100 %)

Assumptions and Limiting Conditions

The certification of the Appraiser(s) appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. The Appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser(s) render any opinion as to title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in the report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property. Drawings and/or plats are not represented as an engineer's work product, nor are they provided for legal reference.
3. The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this appraisal and are invalid if so used.
5. The Appraiser(s) have, in the process of exercising due diligence, requested, reviewed, and considered information provided by the ownership of the property and client, and the Appraiser(s) have relied on such information and assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, for engineering which might be required to discover such factors, or the cost of discovery or correction.
6. While the Appraiser(s) ☒ have ☐ have not inspected the subject property and ☒ have ☐ have not considered the information developed in the course of such inspection, together with the information provided by the ownership and client, the Appraiser(s) are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated.
7. Information, estimates, and opinions furnished to the Appraiser(s), and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser(s) can be assumed by the Appraiser(s).
8. Unless specifically cited, no value has been allocated to mineral rights or deposits.
9. Water requirements and information provided has been relied on and, unless otherwise stated, it is assumed that:
 - a. All water rights to the property have been secured or perfected, that there are no adverse easements or encumbrances, and the property complies with Bureau of Reclamation or other state and federal agencies;
 - b. Irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures;
 - c. Any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured with the title to real estate; and
 - d. Title to all such property conveys with the land.
10. Disclosure of the contents of this report is governed by applicable law and/or by the Bylaws and Regulations of the professional appraisal organization(s) with which the Appraiser(s) are affiliated.
11. Neither all nor any part of the report, or copy thereof, shall be used for any purposes by anyone but the client specified in the report without the written consent of the Appraiser.
12. Where the appraisal conclusions are subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner consistent with the plans, specifications and/or scope of work relied upon in the appraisal.
13. Acreage of land types and measurements of improvements are based on physical inspection of the subject property unless otherwise noted in this appraisal report.
14. EXCLUSIONS. The Appraiser(s) considered and used the three independent approaches to value (cost, income, and sales comparison) where applicable in valuing the resources of the subject property for determining a final value conclusion. Explanation for the exclusion of any of the three independent approaches to value in determining a final value conclusion has been disclosed in this report.
15. SCOPE OF WORK RULE. The scope of work was developed based on information from the client. This appraisal and report was prepared for the client, at their sole discretion, within the framework of the intended use. The use of the appraisal and report for any other purpose, or use by any party not identified as an intended user, is beyond the scope of work contemplated in the appraisal, and does not create an obligation for the Appraiser.
16. Acceptance of the report by the client constitutes acceptance of all assumptions and limiting conditions contained in the report.
17. Other Contingent and Limiting Conditions:

Appraisers Certification

We certify that, to the best of our knowledge and belief:

1. the statements of fact contained in this report are true and correct.
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analysis, opinions, and conclusions.
3. we have ☒ no ☐ the specified present or prospective interest in the property that is the subject of this report and we have ☒ no ☐ the specified personal interest with respect to the parties involved.
4. we have performed ☒ no ☐ the specified services, as an appraiser 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.
5. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. we ☒ have ☐ have not made a personal inspection of the property that is the subject of this report.
10. ☒ no one ☐ the specified persons provided significant real property appraisal assistance to the persons signing this certification.

Effective Date of Appraisal: 02/13/13

Opinion of Value: \$ See Page 26

Appraiser:

Signature: 

Property Inspection: ☒ Yes ☐ No
Inspection Date: 02/13/13

Name: Katie Rickett, ARA
License #:
Certification #: REA-RAG-LIC-650
ASFMR # 1664

Appraiser has ☒ inspected ☒ verified ☒ analyzed
the sales contained herein.

Date Signed: February 14, 2013

Appraiser:

Signature: 

Property Inspection: ☒ Yes ☐ No
Inspection Date:

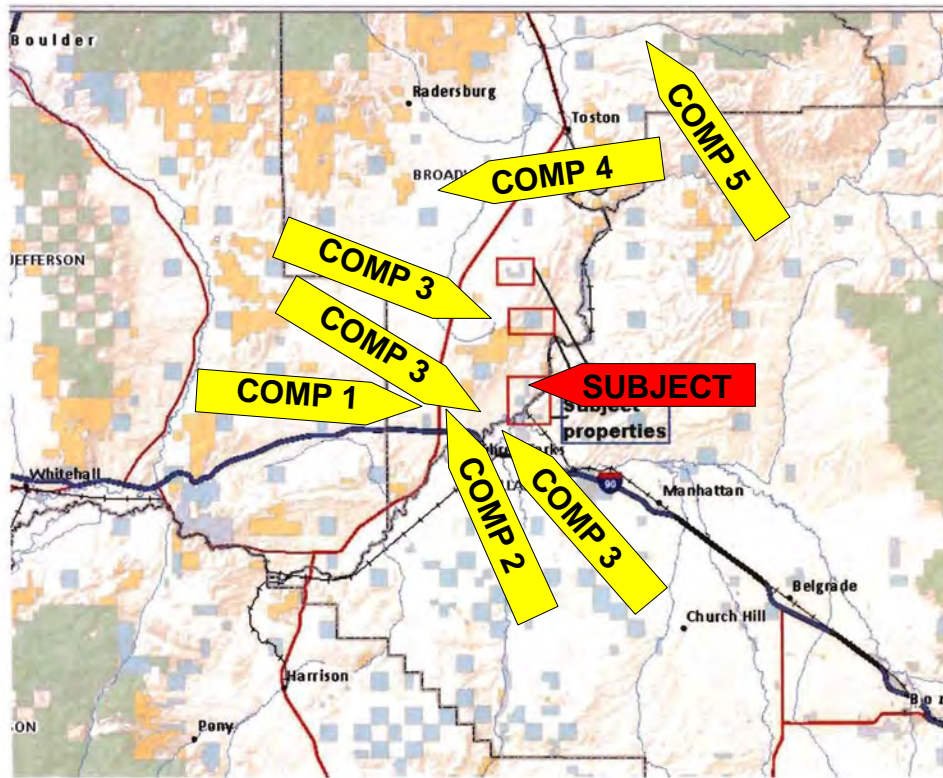
Name:
License #:
Certification #: REA-RAG-LIC-174
WY Cert.Gen. # 424

Appraiser has ☒ inspected ☒ verified ☒ analyzed
the sales contained herein.

Date Signed: February 14, 2013

Map Addendum

Location Map of Parcel



Index #	Database #	82	Sale #	1	Unimproved Sale
Grantor	Stanley Kimm	Sales Price	256,000	Property Type	Agriculture
Grantee	Dennis & Irene Rahn	Other Contrib.		Primary Land Use	Grazing
Deeded Acres	318.00	Net Sale Price	256,000	Document #	
Sale Date/DOM	02/22/13 /	\$/Deeded Acre	805.03	MLS #	
Prior Sale Date		Financing	Cash	Surface Water	None
Prior CEV Price		% Fin. Adj.		Irrg. Water	None
Analysis Code		CEV Price	256,000	Terrain	Level to rolling
Source	Buyer	SCA Unit Type	Acres	Influences	
Motivation	Open Market	Eff. Unit Size	318.00	Public Land Boundary	
Highest & Best Use	Development	SCA \$/Unit	805.03	Amenities	
Address		Multiplier Unit		Ac/AUM	
City	Three Forks	Multiplier No.		Pasture Quality	Avg
County	Broadwater	Legal Access	Yes-paved cnty	Cropland Quality	
State/Zip	MT /	Physical Access	Yes		
Region/Area/Zone	/ /	View	Average	Tax ID/Recording	J240027
Location	3 NW Three Forks	Utilities	Yes	Sec/Twp/Rge	9 / 2N / 1E
Legal Description:	T2N, R1E, Section 9: W2				

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Irrg Land	%	Ac.			X \$	= \$	
Dry Cropland	%	Ac.			X \$	= \$	
Hayland	%	Ac.			X \$	= \$	
Tame Pasture	%	Ac.			X \$	= \$	
Rangeland	%	318.00	Ac. 805.03		X \$	= \$	256,000
Farmstead	%	Ac.			X \$	= \$	
Roads/Waste	%	Ac.			X \$	= \$	
Other	%	Ac.			X \$	= \$	
Leases	%	Ac.			X \$	= \$	
Recreational	%	Ac.			X \$	= \$	
Totals		318.00	Ac. 805.03		X \$	= \$	256,000
CEV Price \$	256,000	- Land Contribution \$	256,000	= Improvement Contribution \$			

Income Analysis

Income Estimate Basis:		<input type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator	
Income Source	Units	Unit Measure	Stabilized Yield	Total Production	Cash/Share/Owner Income
<input type="checkbox"/> Actual <input type="checkbox"/> Estimated				Stabilized \$/Unit	Share %
Rangeland	318.00	Acres	0.40	20.00	2,544
Improvements <input type="checkbox"/>	Improvements Included in Land Rent		/mo	/yr	
Stabilized Gross Income = \$					2,544
Expense Items:		Expenses (cont.):		Expenses (cont.):	
Real Estate Tax \$		\$		\$	
Insurance \$		\$		\$	
Maintenance \$		\$		\$	
Management \$		\$		\$	
Total Expenses	/ Stabilized G.I.	2,544	= Expense Ratio	%	Total Expenses = \$
Net Income	2,544 / CEV Price	256,000	= Cap Rate	0.99 %	Net Income = \$

Index #	Database #	82								Sale #	1
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____% Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%											
Comments	Property is surrounding by subdivision on three sides with a half section of State land across the road. Property bought by a local operator who is good friends with seller. Seller had an offer of \$1,500 per acre and refused because it was a developer. South side of unit is level with the northern portion becoming more rolling with seasonal drainage crossing the unit and hills. Buyer plans on farming the parcel.										

Index #

Database # 82

Sale # 1

RIGHT Photo viewing north towards the north boundary of the unit.



LEFT Photo viewing west across the northern portion of the sale property.

RIGHT Photo viewing southwest across unit from the northern portion.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #	204	Sale #	2	Unimproved Sale
Grantor	Scofield Irr. Trust	Sales Price	292,000	Property Type	Rural Investment
Grantee	John & Corrine Clark	Other Contrib.		Primary Land Use	Grazing
Deeded Acres	315.52	Net Sale Price	292,000	Document #	168048
Sale Date/DOM	10/12/12 /	\$/Deeded Acre	925.46	MLS #	
Prior Sale Date		Financing	Cash	Surface Water	Seasonal
Prior CEV Price		% Fin. Adj.		Irrg. Water	None
Analysis Code		CEV Price	292,000	Terrain	Level
Source	Seller	SCA Unit Type	Acres	Influences	
Motivation	Open Market	Eff. Unit Size	315.52	Public Land Boundary	
Highest & Best Use	Rural Investment	SCA \$/Unit	925.46	Amenities	
Address	Old Town Rd	Multiplier Unit		Ac/AUM	
City	Three Forks	Multiplier No.		Pasture Quality	Average
County	Broadwater	Legal Access	Yes	Cropland Quality	
State/Zip	MT /	Physical Access	Yes		
Region/Area/Zone	/ /	View	Average	Tax ID/Recording	2413016
Location	3 N of Three Forks	Utilities	Yes	Sec/Twp/Rge	10 / 2N / 1E
Legal Description: T2N, R1E, Section 10: Parcel A of COS 2/370 Less Gravel pit.					

Land-Mix Analysis									
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value		
Irrg Land	%	Ac.			X \$	= \$			
Dry Cropland	%	Ac.			X \$	= \$			
Hayland	%	Ac.			X \$	= \$			
Tame Pasture	%	Ac.			X \$	= \$			
Rangeland	%	315.52	Ac. 925.46		X \$	= \$	292,001		
Farmstead	%	Ac.			X \$	= \$			
Roads/Waste	%	Ac.			X \$	= \$			
Other	%	Ac.			X \$	= \$			
Leases	%	Ac.			X \$	= \$			
Recreational	%	Ac.			X \$	= \$			
Totals		315.52	Ac. 925.46		X \$	= \$	292,001		
CEV Price \$	292,000	- Land Contribution \$	292,001	= Improvement Contribution \$	-1				

Income Analysis									
Income Analysis	Income Estimate Basis:		<input type="checkbox"/>	Cash	<input type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
	Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
	<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
	Rangeland		315.52	Acres	0.20	20.00	1,262	100	1,262
Improvements		<input type="checkbox"/>	Improvements Included in Land Rent				/mo	/yr	
Stabilized Gross Income = \$								1,262	
Expense Items:		Expenses (cont.):				Expenses (cont.):			
Real Estate Tax	\$			\$			\$		
Insurance	\$			\$			\$		
Maintenance	\$			\$			\$		
Management	\$			\$			\$		
Total Expenses		/ Stabilized G.I.	1,262	= Expense Ratio		%	Total Expenses = \$		
Net Income	1,262	/ CEV Price	292,000	= Cap Rate	0.43	%	Net Income = \$	1,262	

Index #		Database #		204		Sale #		2			
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____% Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%											
Comments	Property is triangular in shape and located between Hwy 289 and Old Town Road. Buyer purchased property as an investment and intends to run some cows on it. The seasonal ditch has not had water in it for several years, but the property does have some water rights with it that sold with the property. There is a electrical transfer station located at the northwest corner that is not part of the property.										

Index #

Database #

204

Sale #

2



ABOVE: Photo viewing south across the property.

BELOW: Photo viewing south across the sale property.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #	607	Sale #	3	Unimproved Sale
Grantor	Scofield Irrevocable Tr.	Sales Price	1,015,000	Property Type	Agricultural/Recreation
Grantee	Huempfer, Michael	Other Contrib.	None	Primary Land Use	Grain/Cattle
Deeded Acres	1,611.68	Net Sale Price	1,015,000	Document #	167527 (B) 2420731(G)
Sale Date/DOM	07/16/12 /	\$/Deeded Acre	629.78	MLS #	185278
Prior Sale Date		Financing	Cash	Surface Water	Jefferson River
Prior CEV Price		% Fin. Adj.	0	Irrg. Water	Subby
Analysis Code	KCC	CEV Price	1,015,000	Terrain	Nearly leve to steep
Source	Buyer/Broker	SCA Unit Type		Influences	River'
Motivation	Market	Eff. Unit Size	1,611.68	Public Land Boundary	BLM
Highest & Best Use	Agricultural	SCA \$/Unit	629.78	Amenities	River/Views
Address	Old Town Road	Multiplier Unit		Ac/AUM	
City	Three Forks, MT	Multiplier No.		Pasture Quality	Ave
County	Broadwater	Legal Access	Yes per buyer	Cropland Quality	Ave
State/Zip	MT / 59752	Physical Access	Cty roads & easemetn		
Region/Area/Zone	SW / TF / None	View	Mountains, Valley	Tax ID/Recording	WD
Location	3 mi N Three Forks	Utilities	To land along road	Sec/Twp/Rge	18 / T2N / R2E
Legal Description: T2N, R2E: Section 18: Tract 1 202.04 acres, Sec. 17: Tract 1 148.64 acres, T3N,R2E: Section 18 All, T2N, R1E: Section 11: E 1/2, Section 12: W1/2 north of county road.					

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Irrg Land	0 %	Ac.	1,489.00		X \$	= \$	
Dry Cropland	0 %	Ac.	440.00		X \$	= \$	
Hayland	0 %	Ac.	385.00		X \$	= \$	
Tame Pasture	0 %	Ac.	385.00		X \$	= \$	
Rangeland	0 %	574.00	Ac. 375.00		X \$	= \$	215,250
Farmstead	0 %	Ac.	1,489.00		X \$	= \$	
Roads/Waste	0 %	Ac.			X \$	= \$	
Other - remote	0 %	627.00	Ac. 300.00		X \$	= \$	188,100
Leases	0 %	Ac.			X \$	= \$	
Recreational	100 %	410.68	Ac. 1,489.36		X \$	= \$	611,650
Totals		1,611.68	Ac. 629.78		X \$	= \$	1,015,000
CEV Price \$	1,015,000	- Land Contribution \$	1,015,000	= Improvement Contribution \$			

Income Analysis

Income Analysis

Income Estimate Basis:		<input type="checkbox"/>	Cash	<input checked="" type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
Rangeland		1,201.00	AUM	0.28	22.00	7,398	100	7,398
Irr. Pasture		410.68	AUM	1.50	22.00	13,552	100	13,552
Improvements <input type="checkbox"/>		Improvements Included in Land Rent				/mo	/yr	
Stabilized Gross Income = \$								20,950
Expense Items:		Expenses (cont.):			Expenses (cont.):			
Real Estate Tax	\$ 1,208		\$		\$			
Insurance	\$ 403		\$		\$			
Maintenance	\$ 1,500		\$		\$			
Management	\$ 1,048		\$		\$			
Total Expenses	4,159	/ Stabilized G.I.	20,950	= Expense Ratio	19.85	%	Total Expenses = \$	4,159
Net Income	16,791	/ CEV Price	1,015,000	= Cap Rate	1.65	%	Net Income = \$	16,791

Index #	Database #	607		Sale #	3						
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
	Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____% Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%										
Comments	<p>Located in Broadwater and Gallatin Counties with most of the land being in Broadwater County. Access is the Old Town and Eustis Roads, county roads. Section 18 in Broadwater and some of the Gallatin Co. land was reported to not have legal access but buyer stated that an access easement did run with Section 18 so he felt he had legal access. The buyer allocated \$300 per acre for Section 18, \$375 per acre for all other rangeland and around \$1,500 for the river bottomlands. He stated that there is a small amount of land in the river piece on the east side of the river that might have a build site but the remainder is in the flood plain so essentially an open space flood plain type of allocation. The sale is closing in 2 transactions. The first transaction is the portion of the land totalling 1,550.68 acres that they had good legal descriptions on. This sold for \$900,000. The next closing is for \$115,000 that was a piece of river ground that was thought to be 60 acres that had to be surveyed. This land surveyed out at around 121 acres but a lot of it was in the river and an island was reportedly involved. The price was based on 60 acres to that is the acreage that was used in this write up. River, springs, stock dams and wells provide stock water. The vegetation is native range grass with cottonwoods and riparian species along the river. Buyer was a neighboring land owner but the property was listed with Vellinga Real Estate. A portion of the river piece has an old railroad right-of-way going through it that was owned by Huempfer so it severed a portion of the property from the western lands.</p>										

Index #

Database # 607

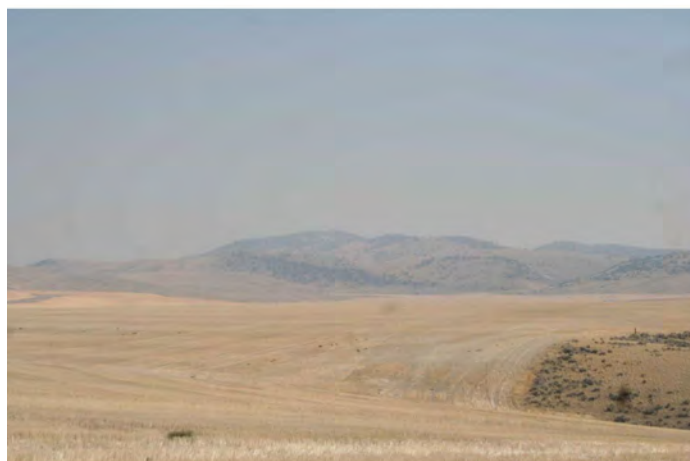
Sale # 3

Subject Photos.

RIGHT Native rangeland of off Eustis Road.



LEFT Access restricted parcel on timbered side of far mountain beyond dry cropland.



RIGHT Jefferson River on river bottom parcel.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #	697	Sale #	4	Improved Sale
Grantor	Elaine Mann	Sales Price	315,000	Property Type	Agriculture
Grantee	Kimpton UL, LLC	Other Contrib.		Primary Land Use	Grazing
Deeded Acres	162.00	Net Sale Price	315,000	Document #	166298
Sale Date/DOM	10/10/11 /	\$/Deeded Acre	1,944.44	MLS #	
Prior Sale Date		Financing	Cash	Surface Water	None
Prior CEV Price		% Fin. Adj.		Irrg. Water	see remarks
Analysis Code		CEV Price	315,000	Terrain	Level
Source	Realtor	SCA Unit Type	Acres	Influences	
Motivation	Open Market	Eff. Unit Size	160.00	Public Land Boundary	None
Highest & Best Use	Agriculture	SCA \$/Unit	1,968.75	Amenities	
Address	290 Kimpton Upper Ln	Multiplier Unit		Ac/AUM	
City	Toston	Multiplier No.		Pasture Quality	Avg
County	Broadwater	Legal Access	Cnty Gravel	Cropland Quality	N/A
State/Zip	MT /	Physical Access	Yes		
Region/Area/Zone	SW / Tw / None	View	Avg	Tax ID/Recording	0001300087
Location	W of Toston	Utilities	Yes	Sec/Twp/Rge	4 / 4N / 1E
Legal Description: Township 4 North, Range 1 East, Sec. 4: NE					

Land-Mix Analysis								
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value	
Irrg Land	100 %	Ac.	2,633.00		X \$	= \$		
Dry Cropland	80 %	Ac.	2,106.00		X \$	= \$		
Hayland	70 %	Ac.	1,843.00		X \$	= \$		
Tame Pasture	50 %	Ac.	1,316.50		X \$	= \$		
Rangeland	45 %	160.00	Ac. 1,185.00		X \$	= \$	189,600	
Farmstead	100 %	Ac.	1,185.00		X \$	= \$		
Roads/Waste	%	Ac.			X \$	= \$		
Other	%	Ac.			X \$	= \$		
Leases	%	Ac.			X \$	= \$		
Recreational	%	Ac.	1,185.00		X \$	= \$		
Totals		160.00	Ac. 1,185.00		X \$	= \$	189,600	
CEV Price \$	315,000	- Land Contribution \$	189,600	= Improvement Contribution \$			125,400	

Income Analysis

Income Estimate Basis: <input type="checkbox"/> Cash <input type="checkbox"/> Share <input type="checkbox"/> Owner/Operator									
Income Source		Units	Unit Measure	Stabilized Yield	Total Production		Cash/Share/Owner Income		
<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated				Stabilized \$/Unit	Gross Income	Share %	Income \$	
Rangeland		161.00	Acres	0.29	20.00	934	100	934	
Improvements <input type="checkbox"/>		Improvements Included in Land Rent				/mo	/yr		
Stabilized Gross Income = \$								934	
Expense Items:		Expenses (cont.):			Expenses (cont.):				
Real Estate Tax	\$ _____	_____	\$ _____	_____	\$ _____	_____			
Insurance	\$ _____	_____	\$ _____	_____	\$ _____	_____			
Maintenance	\$ _____	_____	\$ _____	_____	\$ _____	_____			
Management	\$ _____	_____	\$ _____	_____	\$ _____	_____			
Total Expenses	_____	/ Stabilized G.I.	934	= Expense Ratio	_____ %	Total Expenses = \$			
Net Income	934	/ CEV Price	315,000	= Cap Rate	0.30 %	Net Income = \$		934	

Index #		Database #				697		Sale #		4	
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type	House	Shop	Lean To	Grain Bin						
	Size	1,205	2,800	560	5,000						
	Unit	sf	sf	sf	BU						
	Utility	A	A	A	A						
	Condition	A	A	A	A						
	Age	9	8	8	12						
	Remaining Life	51	32	32	28						
	RCN/Unit	85.00	12.50	5.00	2.30						
	RCN	102,425	35,000	2,800	11,500						
	% Physical Depreciation	15	20	20	30						
	RCN Remainder After Phys. Depr.	87,061	28,000	2,240	8,050						
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.	87,061	28,000	2,240	8,050						
	% External Obsolescence										
Total Impt. Contribution	87,061	28,000	2,240	8,050							
Contribution \$/Unit	72.25	10.00	4.00	1.61							
Physical Depreciation <u>17</u> % Functional Obsolescence <u> </u> % External Obsolescence <u> </u> % Total Depreciation <u>17</u> % Total RCN \$ <u>151,725</u> Total Improvement Contribution: \$ <u>125,351</u> Improvement As % of Price <u>40</u> %											
Comments	Well for the pivot had minerals at the bottom so quit. The well was a deep well too. It is now used for stock water. They took the pivot off and sold it separately. \$10,000 worth of machinery included in overall sale which was \$325,000, removed from price above. Apartment and shed were newer. Not very desirable buildings in the market according to the broker. Buyer purchased to make a feedlot on the property. Buildings not your typical looking buildings.										

Index # _____

Database # _____ 697

Sale # _____ 4

Sale Photos



ABOVE: Buildings

BELOW: Looking southwest at pasture.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #		952	Sale #		5
Grantor	Dykman, et al	Sales Price	340,000	Property Type	Rural Rec./Res	
Grantee	Davis Homestead, LLC	Other Contrib.		Primary Land Use	Pasture	
Deeded Acres	257.71	Net Sale Price	340,000	Document #	163100	
Sale Date/DOM	04/15/10 / 1,277	\$/Deeded Acre	1,319.31	MLS #		
Prior Sale Date		Financing	Cash	Irrg. Water		
Prior CEV Price		% Fin. Adj.		Surface Water	Dry Creek	
Analysis Code	KCC	CEV Price	340,000	Influences	Creek	
Source	FCS/Grantee	SCA Unit Type	Acre	Public Land Boundary	1 Mile East	
Motivation	Open Market	Eff. Unit Size	257.71	Terrain	Level to rolling	
Highest & Best Use	Rural Recreational	SCA \$/Unit	1,319.31	Tons/Ac		
Address	Townsend	Multiplier Unit		Amenities	Wildlife	
City	Townsend	Multiplier No.		Pasture Quality	Avg	
County	Broadwater	Legal Access	Y	Cropland Quality	N/A	
State/Zip	MT /	Physical Access	County Gravel			
Region/Area/Zone	sw / t / no	View	Yes mtns	Tax ID/Recording		
Location	10 SE Townsend	Utilities	Yes along road	Sec/Twp/Rge	20 / T6N / R3E	
Legal Description:	T6N, R3E, Section 28: NWNW, S2NW, SWSWNE, N2NWNWSE, W2SW, W2W2E2SW; Tract A of COS Book 2 page 311					

Land-Mix Analysis									
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value		
Irrg Land	%	Ac.			X \$	= \$			
Dry Cropland	%	Ac.			X \$	= \$			
Hayland	%	Ac.			X \$	= \$			
Tame Pasture	%	Ac.			X \$	= \$			
Rangeland	%	257.71	Ac. 1,319.31		X \$	= \$	339,999		
Farmstead	%	Ac.			X \$	= \$			
Roads/Waste	%	Ac.			X \$	= \$			
Other	%	Ac.			X \$	= \$			
Leases	%	Ac.			X \$	= \$			
Recreational	%	Ac.			X \$	= \$			
Totals		257.71	Ac. 1,319.31		X \$	= \$	339,999		
CEV Price \$	340,000	- Land Contribution \$	339,999	= Improvement Contribution \$	1				

Income Analysis									
Income Analysis	Income Estimate Basis:		<input type="checkbox"/>	Cash	<input checked="" type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
	Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
	<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
	Rangeland		257.71	Acres	0.30	14.00	1,082	100	1,082
Improvements <input type="checkbox"/>		Improvements Included in Land Rent				/mo	/yr		
Stabilized Gross Income = \$								1,082	
Expense Items:		Expenses (cont.):				Expenses (cont.):			
Real Estate Tax	\$ _____	_____	\$ _____	_____	\$ _____				
Insurance	\$ _____	_____	\$ _____	_____	\$ _____				
Maintenance	\$ _____	_____	\$ _____	_____	\$ _____				
Management	\$ _____	_____	\$ _____	_____	\$ _____				
Total Expenses	_____	/ Stabilized G.I.	1,082	= Expense Ratio	_____ %	Total Expenses = \$			
Net Income	1,082	/ CEV Price	340,000	= Cap Rate	0.32 %	Net Income = \$		1,082	

Index #		Database #		952		Sale #		5			
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
	Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ % Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %										
Comments	<p>Listed for 3.5 years. Unimproved tract sale. Surrounded by privately held lands. USFS 1 mile to east. Adjoining lands are comprised of mid to large size tracts. The area is comprised of larger traditional livestock/farming operations, with a mix of recreational and/or part-time farm properties. The property is beyond the areas of significant rural residential pressures associated with areas closer to Gallatin County and near Canyon Ferry Res. Located near the base of the Belt Mountains, considering the size the topography of this unit is relatively diverse. Dry Creek, a small perennial creek, flows through the northern tip of the property providing a source of water to livestock and area wildlife and livestock alike. This area is characterized by nearly level to gently rolling terrain. Typical for the areas small creek systems, willow cover ample along banks of Dry Creek gives way to sagebrush and juniper cover as you move away from the creek. There are various smaller draws/coulees running from south to north converging with a more prominent draw along the northeastern boundaries. There is ample tree and brush cover located within these draws and coulees. The southern portion is open rolling grassland meadows with excellent views of mountains.</p>										

Index # _____

Database # _____ 952 _____

Sale # _____ 5 _____

Sale Photos



ABOVE: Treed area.

BELOW: Looking at native range.



ADDENDA

Exhibit 1 - Engagement Letter and Scope of Work

Exhibit 2 - Warranty Deed & Cadastral Sheets

Exhibit 3 - Access Pairings

Exhibit 4 - FEMA Maps & Soil Maps

Exhibit 5 - Qualifications of Appraisers

EXHIBIT 1

FOR DNRC USE ONLY

Maximum amount under this agreement: \$4,500

Source of Funds
Land Banking Private Closing Costs

Fund Name
Land Banking Private Closing Costs

Fund No.
02031

Subclass
555HA

Org. No.
6043-59

Percent
100%

Approved

No. 137320
Amendment No. _____
Division J.G.
F.S.O. JW
Legal THB



DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
TRUST LAND MANAGEMENT DIVISION

APPRAISAL OF POTENTIAL LAND BANKING SALE PARCELS IN BROADWATER COUNTY

1. **PARTIES**

THIS CONTRACT is entered into by and 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, Helena, MT 59620-1601, (406) 444-4165 and Kim C. Colvin, Terra Western Associates, (hereinafter referred to as the "Contractor"), whose address and phone number are P.O. Box 11950, Bozeman, Montana, 59719 and (406) 522-9844, cell (406) 539-4924 and kim@terrawestern.com.

THE PARTIES AGREE AS FOLLOWS:

2. **EFFECTIVE DATE, DURATION, AND RENEWAL**

2.1 Contract Term. This contract shall take effect upon contract execution and terminate on April 1, 2013, unless terminated earlier in accordance with the terms of this contract. (Section 18-4-313, MCA) **The appraisal report is to be completed and forwarded to Montana DNRC, Emily Cooper, and P.O. Box 201601, Helena, MT 59620-1601 by February 28, 2013.**

2.2 Contract Renewal. This contract may, upon mutual agreement between the parties and according to the terms of the existing contract, be renewed in any interval that is advantageous to the State. This contract, including any renewals, may not exceed a total of one year.

3. SERVICES AND/OR SUPPLIES

Contractor agrees to provide to the State the following: The Contractor shall be responsible for providing a credible appraisal, in a summary report format, conducted and prepared in compliance with the current Uniform Standards of Professional Appraisal Practice, for the parcels in Broadwater County, as described in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions.

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 parcel data and the analysis, opinions, and conclusions of value 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.

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

4. CONSIDERATION/PAYMENT

4.1 Payment Schedule. In consideration for the services to be provided, the State shall pay an amount not to exceed Four Thousand Five Hundred and No/100 Dollars (\$4,500.). The Contractor shall submit an invoice with the submission of the appraisal report to the DNRC for payment for services rendered. Payment will be made within thirty (30) days of delivery of services/goods and receipt of a properly executed invoice, as long as the DNRC's review of said services/goods finds them acceptable. If the work submitted fails to meet Contract specifications set out herein, payment will be withheld for the unsatisfactory work. The Contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made. If agreed upon work is not brought to acceptable standards, the Contract Agreement will be terminated for unsatisfactory performance and no payment will be made.

4.2 Withholding of Payment. The State may withhold payments to the Contractor if the Contractor has not performed in accordance with this contract. Such withholding cannot be greater than the additional costs to the State caused by the lack of performance.

5. ACCESS AND RETENTION OF RECORDS

5.1 Access to Records. The Contractor agrees to provide the State, Legislative Auditor or their authorized agents access to any records necessary to determine contract compliance. (Section 18-1-118, MCA)

5.2 Retention Period. The Contractor agrees to create and retain records supporting the a summary appraisal report provided for a period of three years after either the completion date of this contract or the conclusion of any claim, litigation, or exception relating to this contract taken by the State of Montana or a third party.

6. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

The Contractor shall not assign, transfer, or subcontract any portion of this contract without the express written consent of the State. (Section 18-4-141, MCA) The Contractor shall be 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 the Contractor. No contractual relationships exist between any subcontractor and the State.

7. HOLD HARMLESS/INDEMNIFICATION

The Contractor agrees to protect, defend, and save the 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 the 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 the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under this agreement.

8. REQUIRED INSURANCE

8.1 Primary Insurance. The 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 excess of the Contractor's insurance and shall not contribute with it.

8.2 Specific Requirements for Professional Liability. The Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of \$300,000 per occurrence and \$600,000 aggregate per year to cover such claims as may be caused by any act, omission, negligence of the Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: if "occurrence" coverage is unavailable or cost prohibitive, the Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of the 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.

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

8.4 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 Department of Natural Resources and Conservation PO Box 201601, Helena, MT 59620-1601. The Contractor must notify the State immediately, of any material change in insurance coverage, such as changes in limits, coverage's, change in status of policy, etc. The State reserves the right to require complete copies of insurance policies at all times.

9. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with sections 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 the contractor nor its employees are employees of the State. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135, upon expiration.

10. COMPLIANCE WITH LAWS

The Contractor must, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, the Contractor agrees that the hiring of persons to perform the 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 by the persons performing the contract.

11. CONTRACT TERMINATION

11.1 Termination for Cause. The State may, by written notice to the Contractor, terminate this contract in whole or in part at any time the Contractor fails to perform this contract.

11.2 Reduction of Funding. The State must 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. (See section 18-4-313(4), MCA.)

12. LIAISON AND SERVICE OF NOTICES

All project management and coordination on behalf of the State shall 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 pursuant to this contract shall be coordinated between the State's liaison and the Contractor's liaison.

Emily Cooper will be the liaison for the State.

(Address): PO Box 201601
(City, State, ZIP): Helena, MT 59620-1601
Telephone: (406)444-4165
Cell Phone:
Fax: (406)444-2684
E-mail: ecooper@mt.gov

Kim C. Colvin will be the liaison for the Contractor.

(Address): P.O. Box 11950

(City, State, ZIP): Bozeman, MT 59719
Telephone: (406) 522-9844
Cell Phone: (406) 539-4924
Fax:
E-mail: kim@terrawestern.com

The State's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints will first be directed to the liaison.

13. MEETINGS

The Contractor is required to meet with the State's personnel, or designated representatives, to resolve technical or contractual problems that may occur during the term of the contract 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. Meetings will occur as problems arise and will be coordinated by the State. The Contractor will be given a minimum of three full working days notice of meeting date, time, and location. Face-to-face meetings are desired. However, at the 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 to make a good faith effort to resolve problems, may result in termination of the contract.

14. CONTRACTOR PERFORMANCE ASSESSMENTS

The State may do assessments of the Contractor's performance. This contract may be terminated for one or more poor performance assessments. Contractors will have the opportunity to respond to poor performance assessments. The State will make any final decision to terminate this contract based on the assessment and any related information, the Contractor's response and the severity of any negative performance assessment. The Contractor will be notified with a justification of contract termination. Performance assessments may be considered in future solicitations.

15. TRANSITION ASSISTANCE

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

16. CHOICE OF LAW AND VENUE

This contract is governed by the laws of Montana. The parties agree that any litigation concerning this bid, proposal or subsequent 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. (See section 18-1-401, MCA.)

17. SCOPE, AMENDMENT, AND INTERPRETATION

17.1 Contract. This contract consists of 6 numbered pages, Attachment A, Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program, pages 7 & 8; Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions, page 9 through 11. In the case of dispute or ambiguity about the minimum levels of performance by the Contractor the order of precedence of document interpretation is in the same order.

17.2 Entire Agreement. These documents contain the entire agreement of the parties. Any enlargement, alteration or modification requires a written amendment signed by both parties.

18. PUBLIC INFORMATION AND OWNERSHIP OF PRODUCTS

All information resulting from the project funded under this Agreement shall be made available to the public. Upon completion of this Agreement, all information, reports, data, records, documents, and materials pertaining to this Agreement shall be available to the public. The Contractor shall indemnify and hold harmless DNRC from liability for injury caused by the release of any information, reports, data, records, documents, and materials provided by the Contractor. All copyrights, patents, or other royalty rights resulting from the completion of this Agreement or the information, reports, records, data documents, materials, and end products of this Agreement shall be the sole property of the DNRC.

19. EXECUTION

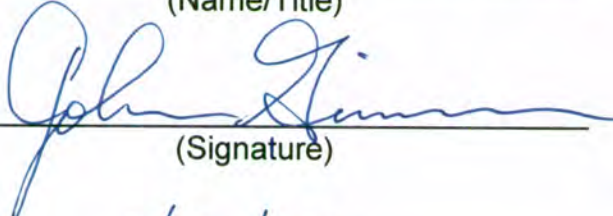
The parties through their authorized agents have executed this contract on the dates set out below.

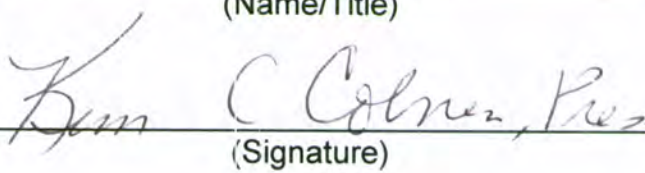
Department of Natural Resources & Conservation
PO Box 201601
Helena, MT, 59620-1601

Kim C. Colvin
Terra Western Associates
P.O. Box 11950
Bozeman, MT 59719
FEDERAL ID # _____

BY: JOHN GRIMM, R.E.M.B. CHIEF
(Name/Title)

BY: Kim C. Colvin, Pres.
(Name/Title)


(Signature)


(Signature)

DATE: 1/2/13

DATE: 1/4/13

ATTACHMENT A

Scope of Work for Appraisals of Potential Property Sales 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 in a Summary Report format, that is, it 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 each 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.

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

ATTACHMENT B

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION Supplemental Appraisal Instructions

Subject Property (Located in Broadwater County):

Sale #	Acres ±	Legal
302	161.63	Lot 4, SW¼NW¼, W½SW¼ Section 4, T2N-R2E
303	160	NE¼, Section 8, T2N-R2E
336	637.84	Lots 1-4, N½, N½S½,, Section 16, T3N-R2E
337	280	SE¼NE¼, NE¼SE¼, S½S½, NW¼SW¼, Section 32, T4N-R2E

Area Office Contact Information:

Gavin Anderson
8001 North Montana Ave.
Helena, MT 59602
Phone: 406/458-3500
Fax: 406/458-3506
Direct Line: 406/458-3502

Lessees:

Lease # 9823 & 9824
MCL Land & Livestock Enterprises
(406) 585-9376

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

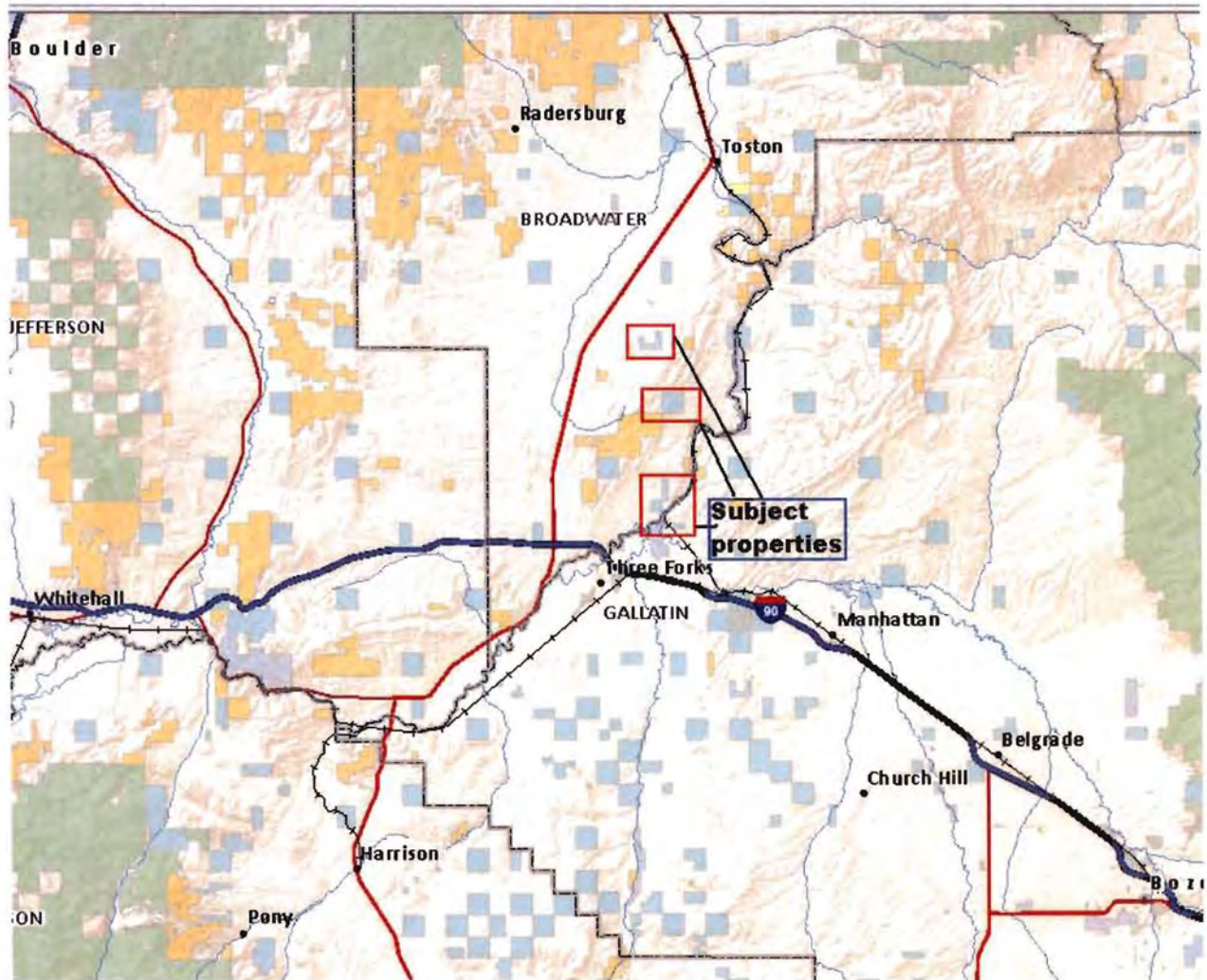
The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the 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 offices, including but not limited to aerial photos, land improvements, current lease data (lease #, name of lessee, , acres, costs, etc.), property issues. The local land office will provide the contact information to the appraiser in order for the appraiser to obtain access to the proponent's property.

Location Map of Parcels

Location Map of Parcel



Land Banking Sales Parcel Maps

Sale 302: Lot 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$ Section 4, T2N-R2E

Sale 303: NE $\frac{1}{4}$, Section 8, T2N-R2E



Sale 336: Lots 1-4, N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, Section 16, T3N-R2E



Sale 337: SE¼NE¼, NE¼SE¼, S½S½, NW¼SW¼, Section 32, T4N-R2E



EXHIBIT 2

BROADWATER COUNTY, MONTANA

B-28

#281

THIS INSTRUMENT, Made the 20th day of February in the year of our Lord one thousand nine hundred and twenty-six between Fred Madschieder, of Los Angeles, County of Los Angeles, State of California, the party of the first part, and the STATE OF MONTANA, the party of the SECOND PART,

WITNESSETH: That the said party of the FIRST PART for and in consideration of the sum of One and No/100 Dollars, (\$1.00) and other good and valuable considerations to him in hand paid by the said party of the SECOND PART, the receipt of which is hereby acknowledged; to hereby convey, remise, release and forever quitclaim unto the said party of the second part, and to its assigns, the following described real estate, situated in the County of Broadwater and State of Montana, to-wit:

Lot Four (4), the Southwest Quarter of the Northwest Quarter (SW₁NE₄), and the West Half of the Southwest Quarter (W₁SW₄) of Section Four; and the Northwest Quarter (NE₄) of Section Eight (8); all in Township Two (2) North of Range Two (2) West of the Montana Principal Meridian, containing 201.63 acres, more or less, according to the Government Survey thereof;

RESERVING to the party of the first part the right to repurchase the above described lands on or before May 20, 1927, as provided by Section 1038 of the Revised Codes of 1921, and amended by Chapter 84 of Session Laws of 1923, and Chapter 169 of Session Laws of 1925; together with all the tenements, hereditaments and appurtenances thereunto belonging, and the reversion and reversions, remainder, and remainders, rents, issues and profits thereof; and also all the estate, right, title, interest property, possession, claim and demand whatsoever as well in law as in equity, of the said party of the first part, of, in or to the said premises and every part and parcel thereof

TO HAVE AND TO HOLD, all and singular the said premises, with the appurtenances unto the said party of the second part, and its assigns forever.

IN WITNESS WHEREOF, the said party of the first part has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in the Presence of }

Fred Madschieder (SEAL)

(SEAL)

STATE OF CALIFORNIA,)
County of Los Angeles) ss.

On this 20th day of February nineteen hundred and twenty-six before me Colon A. Robertson a Notary Public for the State of California, personally appeared Fred Madschieder known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this Certificate first above written.

(NOTARIAL SEAL)

Residing at Los Angeles

Colon A. Robertson
Notary Public for the State of California.
My Commission expires Apr. 1, 1928

Filed for record this 23rd day of February A. D. 1926 at 9:00 o'clock A. M.

Alice Cristandine

Property: **State of Montana - Broadwater County property sale #302**

Sec.	Twp.	Rng.	Legal Description	Total Acres	Irr. Crop	Dry Crop	Hayland	Market	Forest	Native Range	Farmsite
4	2N	2E	W2W2	160.00		2.755				157.245	
			Total	160.000		2.755				157.245	

Grazing Allotment	Acres	AUMs	Ac/AUM
BLM			
BLM			
State of Montana			
Total	0	0	

Property Record Card

Summary

Primary Information

Property Category: RP **Subcategory:** Real Property
Geocode: 43-1107-04-2-02-01-0000 **Assessment Code:** 000J249001
Primary Owner: **PropertyAddress:**
 STATE OF MONTANA
 PO BOX 1128 **COS Parcel:**
 TOWNSEND, MT 59644-1128
NOTE: See the Owner tab for all owner information

Certificate of Survey:

Subdivision:

Legal Description:

S04, T02 N, R02 E, W2W2

Last Modified: 1/24/2013 12:13:14 AM

General Property Information

Neighborhood: 001 **Property Type:** EP - Exempt Property
Living Units: 0 **Levy District:** 43-2360-J24
Zoning: **Ownership %:** 100
Linked Property:

No linked properties exist for this property

Exemptions:

No exemptions exist for this property

Condo Ownership:

General: 0 **Limited:** 0

Property Factors

Topography: 8 **Fronting:** 0 - None
Utilities: 0 **Parking Type:**
Access: 0 **Parking Quantity:**
Location: 0 - Rural Land **Parking Proximity:**

Land Summary

<u>Land Type</u>	<u>Acres</u>	<u>Value</u>
Grazing	157.245	00.00
Fallow	2.755	00.00
Irrigated	0.000	00.00
Continuous Crop	0.000	00.00
Wild Hay	0.000	00.00
Farmsite	0.000	00.00
ROW	0.000	00.00
NonQual Land	0.000	00.00
Total Ag Land	160.000	00.00
Total Forest Land	0.000	00.00
Total Market Land	0.000	00.00

Deed Information:

Deed Date	Book	Page	Recorded Date	Document Number	Document Type
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Owners

Party #1

Default Information: STATE OF MONTANA
PO BOX 1128

Ownership %: 100

Primary Owner: "Yes"

Interest Type: Conversion

Last Modified: 12/6/2007 11:57:08 PM

Other Names

Other Addresses

Name

Type

Appraisals**Appraisal History**

Tax Year	Land Value	Building Value	Total Value	Method
2012	9139	0	9139	COST
2011	9139	0	9139	COST

Market Land**Market Land Info**

No market land info exists for this parcel

Dwellings**Existing Dwellings**

No dwellings exist for this parcel

Other Buildings/Improvements

Outbuilding/Yard Improvements

No other buildings or yard improvements exist for this parcel

Commercial**Existing Commercial Buildings**

No commercial buildings exist for this parcel

Ag/Forest Land

Ag/Forest Land Item #1

Acre Type: F - Summer Fallow**Class Code:** 1451

Productivity

Quantity: 34.83**Units:** Bushels/Acre**Irrigation Type:****Timber Zone:****Commodity:** Spring Wheat

Valuation

Acres: 2.755**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #2

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.125**Commodity:** Grazing Fee**Units:** AUM/Acre

Valuation

Acres: 25.86**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #3

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.258**Commodity:** Grazing Fee**Units:** AUM/Acre

Valuation

Acres: 2.098**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #4

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.269**Commodity:** Grazing Fee**Units:** AUM/Acre

Valuation

Acres: 3.982**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #5

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.302**Commodity:** Grazing Fee**Units:** AUM/Acre

Valuation

Acres: 22.395**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #6

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.306**Units:** AUM/Acre

Valuation

Acres: 22.441**Value:** 0

Ag/Forest Land Item #7

Acre Type: G - Grazing**Class Code:** 1651

Productivity

Quantity: 0.31**Units:** AUM/Acre

Valuation

Acres: 13.04**Value:** 0

Ag/Forest Land Item #8

Acre Type: G - Grazing**Class Code:** 1651

Productivity

Quantity: 0.332**Units:** AUM/Acre

Valuation

Acres: 67.429**Value:** 0**Commodity:** Grazing Fee**Per Acre Value:** 0**Irrigation Type:****Timber Zone:****Commodity:** Grazing Fee**Per Acre Value:** 0**Irrigation Type:****Timber Zone:****Commodity:** Grazing Fee**Per Acre Value:** 0

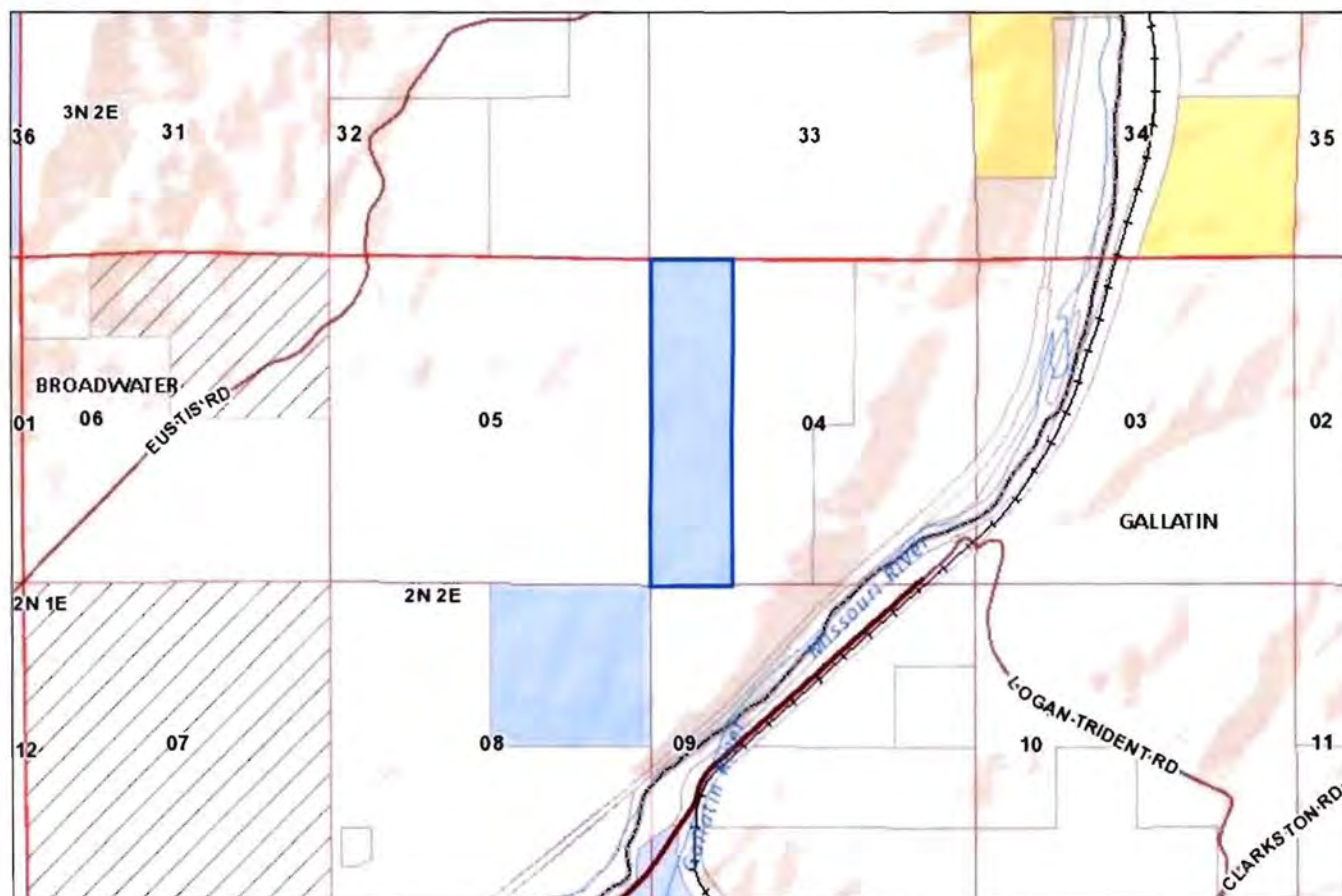


EXHIBIT 3

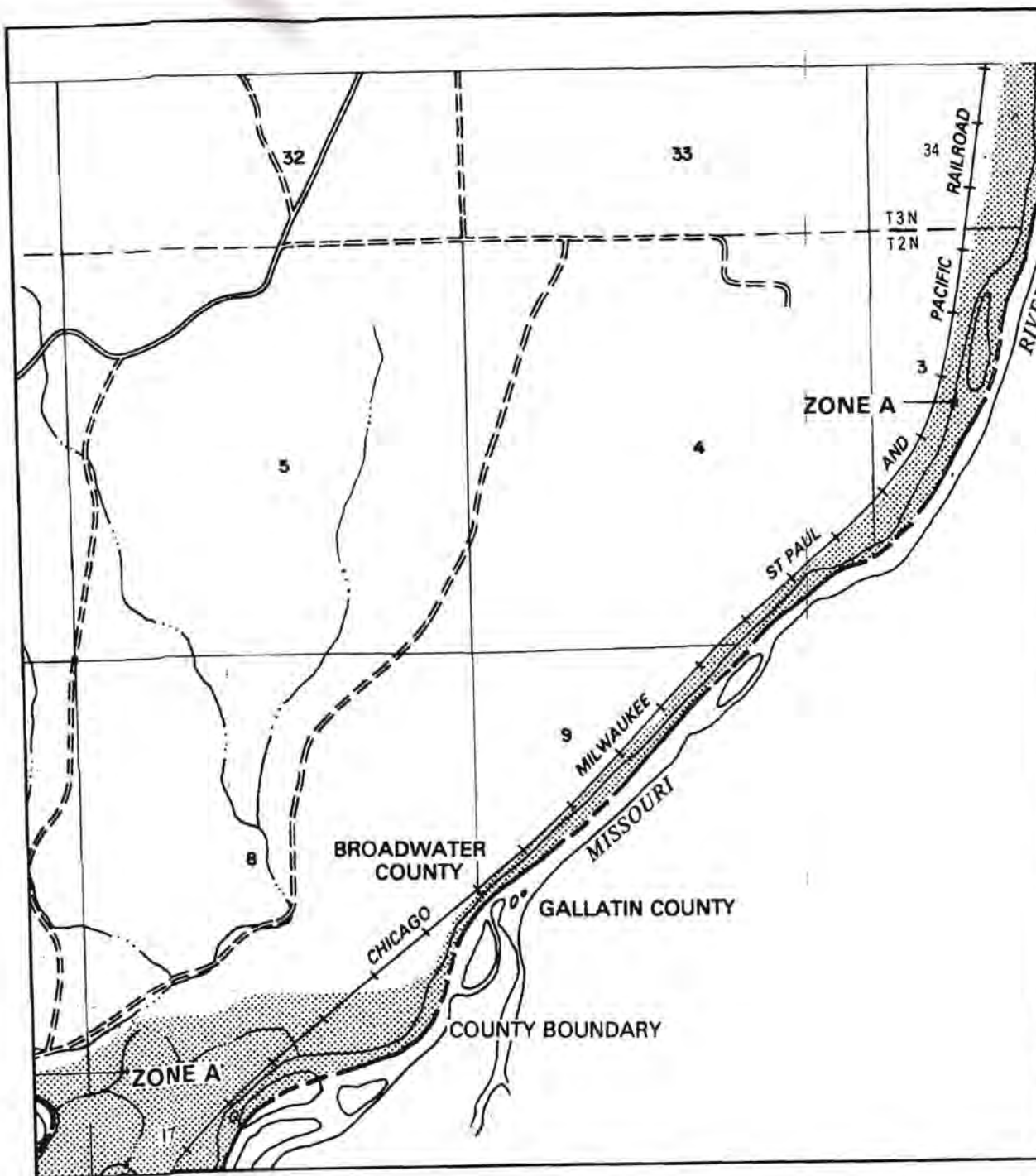
MARKET DATA ACCESS PAIRINGS								
Database #	Sale Date	Seller/Buyer	County	Sale Price	Deeded Acres	Access	Land Value Per Acre	Value Difference
JE-01-29	Sep-01	MT Tunnels/ Wallace	Jefferson	\$13,900	16.56	Phy/ No Legal	\$839	45.8%
JE-01-118	Sep-01	Bergsma/ Glanschneg	Jefferson	\$31,000	20	Gravel	\$1,549	
JE-01-29	Sep-01	MT Tunnels/ Wallace	Jefferson	\$13,900	16.56	Phy/ No Legal	\$839	65.8%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-01-29	Sep-01	MT Tunnels/ Wallace	Jefferson	\$13,900	16.56	Phy/ No Legal	\$839	49.1%
JE-01-117	Aug-01	Taylor/ Burrows	Jefferson	\$33,000	20.01	Gravel	\$1,649	
JE-01-31	Nov-01	MT Tunnels/ Pfister	Jefferson	\$26,200	17.50	Phy/ No Legal	\$1,497	38.9%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-01-30	Nov-01	MT Tunnels/ Counts	Jefferson	\$17,468	20.66	Phy/ No Legal	\$845	65.5%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-01-30	Nov-01	MT Tunnels/ Counts	Jefferson	\$17,468	20.66	Phy/ No Legal	\$845	45.4%
JE-01-118	Sep-01	Bergsma/ Glanschneg	Jefferson	\$31,000	20	Gravel	\$1,549	
JE-01-30	Nov-01	MT Tunnels/ Counts	Jefferson	\$17,468	20.66	Phy/ No Legal	\$845	48.7%
JE-01-117	Aug-01	Taylor/ Burrows	Jefferson	\$33,000	20.01	Gravel	\$1,649	
JE-02-1	Dec-01	MT Tunnels/ Conts	Jefferson	\$25,332	20.60	Phy/ No Legal	\$1,230	49.8%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-03-103	Sep-03	Y.T. Timber/ Adamson	Jefferson	\$278,000	505.58	Phy/No Legal	\$550	8.4%
JE-02-153	Sep-02	Y.T. Timber/ Palmer	Jefferson	\$178,200	297.00	FS Road	\$600	
JE-05-37	Aug-05	Blixseth/ Highland	Jefferson	\$150,000	384.82	Phy/No Legal	\$390	35.0%
JE-02-153	Sep-02	Y.T. Timber/ Palmer	Jefferson	\$178,200	297.00	FS Road	\$600	
JE-05-37	Aug-05	Blixseth/ Highland	Jefferson	\$150,000	384.82	Phy/No Legal	\$390	75.6%
JE-99-11	Oct-99	Highland/ Eagle Stud	Jefferson	\$486,500	540.00	Gravel	\$1,596	
HB-109	Jan-06		Jefferson	\$49,015	61.81	None	\$793	
HB-108			Broadwater	\$275,018	75.93	Cnty Rd	\$3,622	
HB-109	Jan-06		Jefferson	\$49,015	61.81	None	\$793	72.9%
HB-107	Apr-04		Jefferson	\$775,000	264.67	Cnty Rd	\$2,928	

TA

MARKET DATA ACCESS PAIRINGS								
Database #	Sale Date	Seller/Buyer	County	Sale Price	Deeded Acres	Access	Land Value Per Acre	Value Difference
	Jan-99	Corbett/Connly	Lewis&Clark	\$401,000	2,088	prescriptive	\$192	49.5%
	Oct-97	Dipper J/ Broadmarkle	Lewis&Clark	\$1,200,000	3,520	private	\$380	
*LC-99-34	Sep-99	Warren/Rice	Lewis&Clark	\$60,000	20.64	Phy/ No Legal	\$2,907	22.0%
LC-99-57	Oct-99	Mitchell/	Lewis&Clark	\$74,500	20.00	Cnty gravel	\$3,725	
LC-98-27	Jun-98	Baitis/	Lewis&Clark	\$26,500	20.00	Seasonal	\$1,325	32.9%
LC-98-95	Apr-98	Retz- Realtor	Lewis&Clark	\$39,500	20.00	Legal- RR	\$1,975	
GA-00-16	Aug-00	Big Sky Lmb/ Wytana	Gallatin	\$1,654,300	1,139	None	\$1,452	62.8%
GA-00-14	Sep-00	McDougal/ Tomasko	Gallatin	\$2,500,000	640	Seasonal	\$3,906	
	Jun-10	Hahola	Gallatin	\$400,000	159.87	None	\$2,502	37.4%
				\$640,000	160.00		\$4,000	
	Aug-09	Skogan	Gallatin	\$450,000	160.00	Seasonal	\$2,813	29.7%
				\$640,000	160.00		\$4,000	

46.4%

EXHIBIT 4



APPROXIMATE SCALE

2000

0

NATIONAL FLOOD INSURANCE PROGRAM

FHBM

FLOOD HAZARD BOUNDARY MAP

**BROADWATER
COUNTY,
MONTANA**

UNINCORPORATED AREA

PANEL 14 OF 16

(SEE MAP INDEX FOR PANELS NOT PRINTED)

CONVERTED BY LETTER
EFFECTIVE 12/188

COMMUNITY-PANEL NUMBER
300145 0014 A

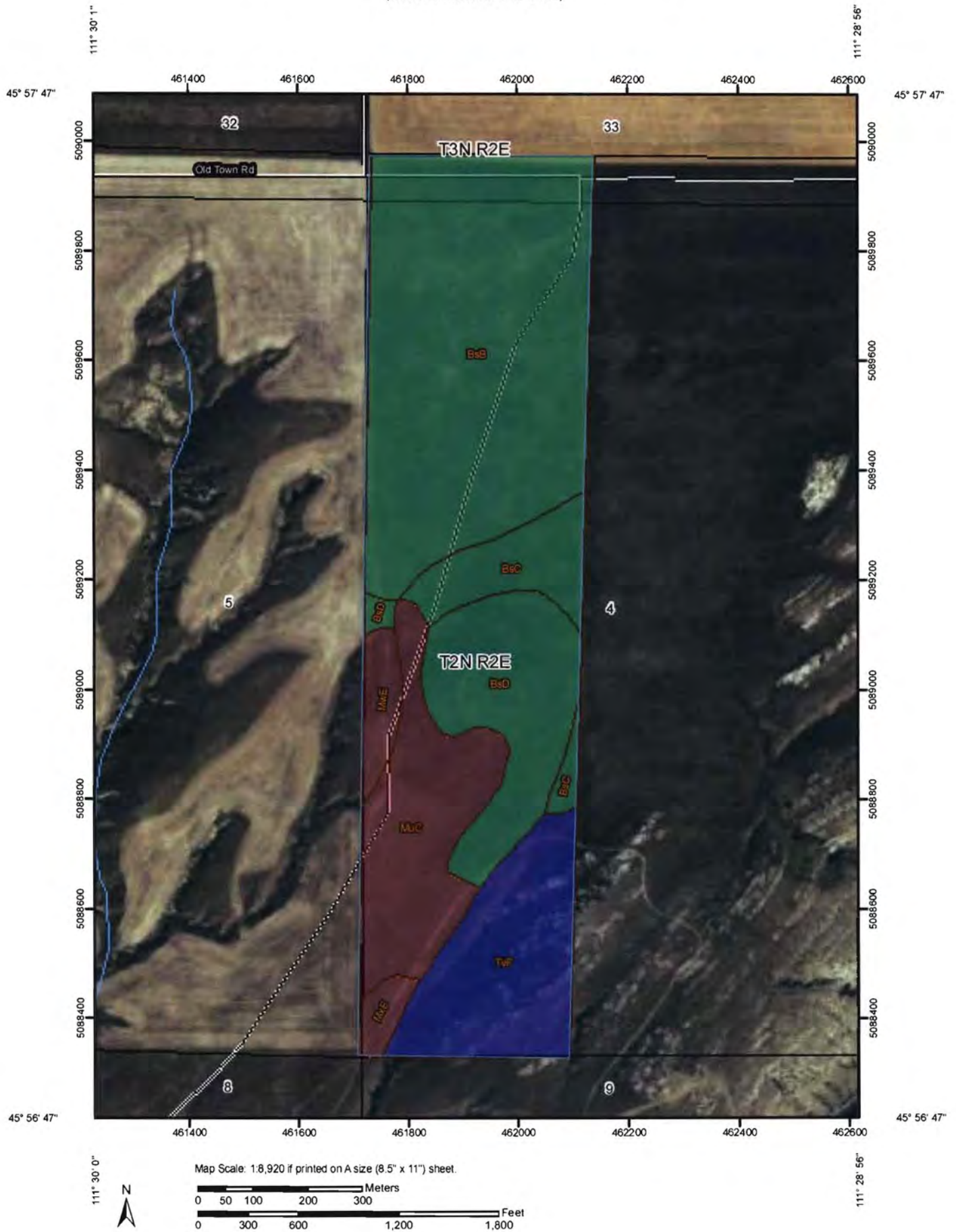
EFFECTIVE DATE:
FEBRUARY 9, 1982



federal emergency management agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

Soil Taxonomy Classification—Broadwater County Area, Montana
(State of Montana sale #302)



Natural Resources
Conservation Service


Web Soil Survey
National Cooperative Soil Survey

1/27/2013
Page 1 of 5


Soil Taxonomy Classification—Broadwater County Area, Montana
(State of Montana sale #302)

MAP LEGEND





Area of Interest (AOI)

-  Area of Interest (AOI)




Soils

-  Soil Map Units


Soil Ratings

-  Coarse-loamy, carbonatic Borollic Calciorthids
-  Coarse-silty, mixed Borollic Calciorthids
-  Loamy-skeletal, carbonatic Lithic Cryochrepts
-  Not rated or not available

Political Features

-  Cities
-  PLSS Township and Range
-  PLSS Section

Water Features

-  Streams and Canals

Transportation

-  Rails
-  Interstate Highways
-  US Routes
-  Major Roads
-  Local Roads

MAP INFORMATION

Map Scale: 1:8,920 if printed on A size (8.5" x 11") sheet.

The soil surveys that comprise your AOI were mapped at 1:24,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for accurate map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL: <http://websoilsurvey.nrcs.usda.gov>
Coordinate System: UTM Zone 12N NAD83

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Broadwater County Area, Montana
Survey Area Data: Version 11, Jan 5, 2012

Date(s) aerial images were photographed: 8/15/2005; 8/6/2005

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

Soil Taxonomy Classification

Soil Taxonomy Classification— Summary by Map Unit — Broadwater County Area, Montana (MT609)				
Map unit symbol	Map unit name	Rating	Acres in AOI	Percent of AOI
BsB	Brocko silt loam, 2 to 5 percent slopes	Coarse-silty, mixed Borollic Calciorthids	71.1	44.1%
BsC	Brocko silt loam, 5 to 9 percent slopes	Coarse-silty, mixed Borollic Calciorthids	11.4	7.1%
BsD	Brocko silt loam, 9 to 25 percent slopes	Coarse-silty, mixed Borollic Calciorthids	23.9	14.8%
MuC	Mussel-Musselshell complex, 5 to 9 percent slopes	Coarse-loamy, carbonatic Borollic Calciorthids	23.9	14.8%
MwE	Musselshell-Crago channery loams, 15 to 35 percent slopes	Coarse-loamy, carbonatic Borollic Calciorthids	4.3	2.7%
MxE	Musselshell-Crago cobbly loams, 8 to 20 percent slopes	Coarse-loamy, carbonatic Borollic Calciorthids	2.4	1.5%
TvF	Tropal-Rock outcrop complex, 15 to 60 percent slopes	Loamy-skeletal, carbonatic Lithic Cryochrepts	24.1	15.0%
Totals for Area of Interest			161.0	100.0%

Description

This rating presents the taxonomic classification based on Soil Taxonomy.

The system of soil classification used by the National Cooperative Soil Survey has six categories (Soil Survey Staff, 1999 and 2003). Beginning with the broadest, these categories are the order, suborder, great group, subgroup, family, and series. Classification is based on soil properties observed in the field or inferred from those observations or from laboratory measurements. This table shows the classification of the soils in the survey area. The categories are defined in the following paragraphs.

ORDER. Twelve soil orders are recognized. The differences among orders reflect the dominant soil-forming processes and the degree of soil formation. Each order is identified by a word ending in sol. An example is Alfisols.

SUBORDER. Each order is divided into suborders primarily on the basis of properties that influence soil genesis and are important to plant growth or properties that reflect the most important variables within the orders. The last syllable in the name of a suborder indicates the order. An example is Udalfs (Ud, meaning humid, plus alfs, from Alfisols).

GREAT GROUP. Each suborder is divided into great groups on the basis of close similarities in kind, arrangement, and degree of development of pedogenic horizons; soil moisture and temperature regimes; type of saturation; and base status. Each great group is identified by the name of a suborder and by a prefix that indicates a property of the soil. An example is Hapludalfs (Hapl, meaning minimal horizonation, plus udalfs, the suborder of the Alfisols that has a udic moisture regime).

SUBGROUP. Each great group has a typic subgroup. Other subgroups are intergrades or extragrades. The typic subgroup is the central concept of the great group; it is not necessarily the most extensive. Intergrades are transitions to other orders, suborders, or great groups. Extragrades have some properties that are not representative of the great group but do not indicate transitions to any other taxonomic class. Each subgroup is identified by one or more adjectives preceding the name of the great group. The adjective Typic identifies the subgroup that typifies the great group. An example is Typic Hapludalfs.

FAMILY. Families are established within a subgroup on the basis of physical and chemical properties and other characteristics that affect management. Generally, the properties are those of horizons below plow depth where there is much biological activity. Among the properties and characteristics considered are particle-size class, mineralogy class, cation-exchange activity class, soil temperature regime, soil depth, and reaction class. A family name consists of the name of a subgroup preceded by terms that indicate soil properties. An example is fine-loamy, mixed, active, mesic Typic Hapludalfs.

SERIES. The series consists of soils within a family that have horizons similar in color, texture, structure, reaction, consistence, mineral and chemical composition, and arrangement in the profile.

References:

Soil Survey Staff. 1999. Soil taxonomy: A basic system of soil classification for making and interpreting soil surveys. 2nd edition. Natural Resources Conservation Service. U.S. Department of Agriculture Handbook 436.

Soil Survey Staff. 2006. Keys to soil taxonomy. 10th edition. U.S. Department of Agriculture, Natural Resources Conservation Service. (The soils in a given survey area may have been classified according to earlier editions of this publication.)

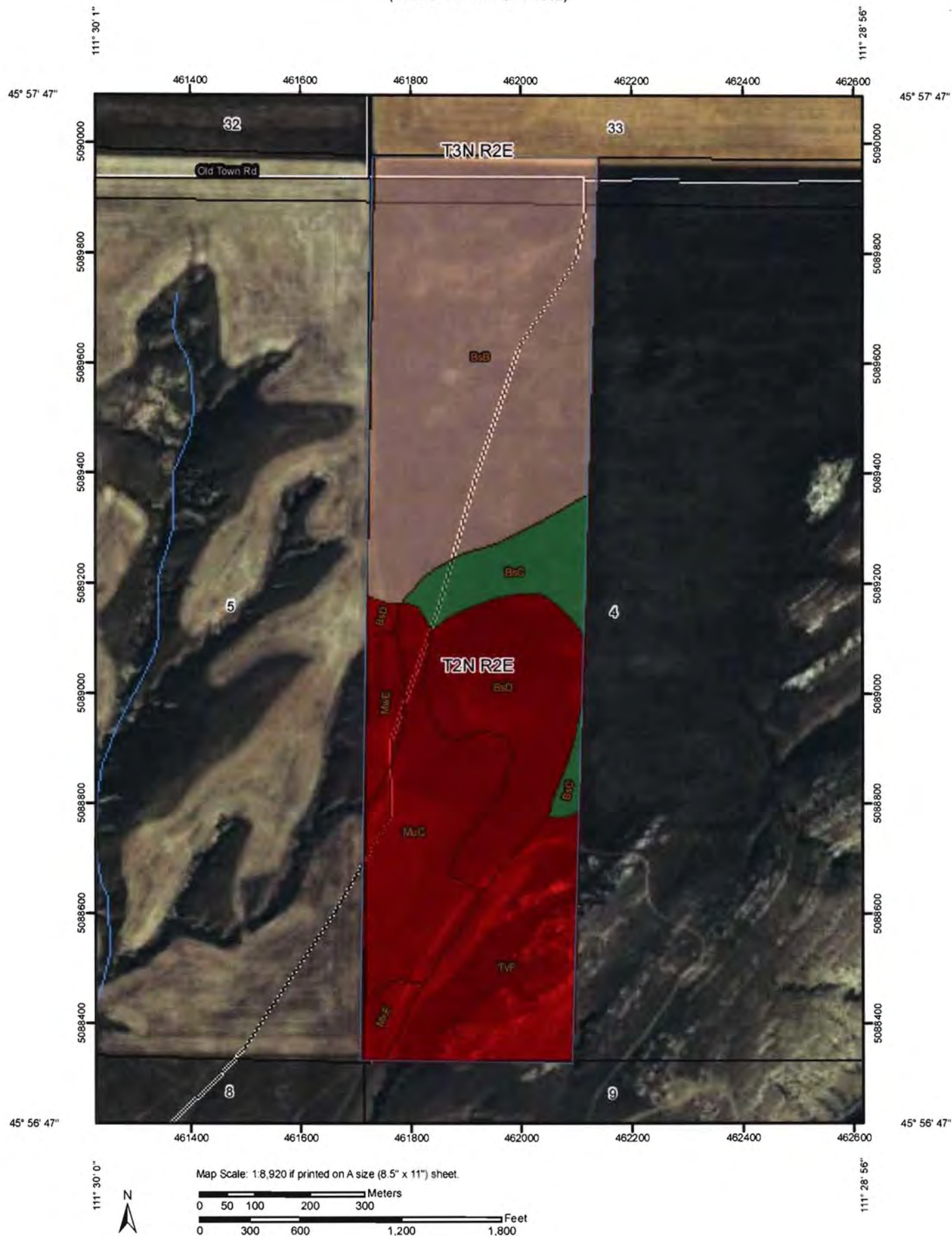
Rating Options

Aggregation Method: Dominant Condition

Component Percent Cutoff: None Specified

Tie-break Rule: Lower

Farmland Classification—Broadwater County Area, Montana
(State of Montana sale #302)



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Farmland Classification—Broadwater County Area, Montana
(State of Montana sale #302)

MAP LEGEND

Area of Interest (AOI)

-  Area of Interest (AOI)

Soils




-  Soil Map Units

Soil Ratings


-  Not prime farmland
-  All areas are prime farmland
-  Prime farmland if drained
-  Prime farmland if protected from flooding or not frequently flooded during the growing season
-  Prime farmland if irrigated
-  Prime farmland if drained and either protected from flooding or not frequently flooded during the growing season
-  Prime farmland if irrigated and drained
-  Prime farmland if irrigated and either protected from flooding or not frequently flooded during the growing season

-  Prime farmland if subsoiled, completely removing the root inhibiting soil layer
-  Prime farmland if irrigated and the product of I (soil erodibility) x C (climate factor) does not exceed 60
-  Prime farmland if irrigated and reclaimed of excess salts and sodium
-  Farmland of statewide importance
-  Farmland of local importance
-  Farmland of unique importance
-  Not rated or not available

Political Features




-  Cities
-  PLSS Township and Range
-  PLSS Section

Water Features

-  Streams and Canals

Transportation

-  Rails

-  Interstate Highways
-  US Routes
-  Major Roads
-  Local Roads

MAP INFORMATION

Map Scale: 1:8,920 if printed on A size (8.5" x 11") sheet.

The soil surveys that comprise your AOI were mapped at 1:24,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for accurate map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL: <http://websoilsurvey.nrcs.usda.gov>
Coordinate System: UTM Zone 12N NAD83

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Broadwater County Area, Montana
Survey Area Data: Version 11, Jan 5, 2012

Date(s) aerial images were photographed: 8/15/2005; 8/6/2005

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.



Natural Resources
Conservation Service

Web Soil Survey
National Cooperative Soil Survey

1/27/2013
Page 2 of 3

Farmland Classification

Farmland Classification— Summary by Map Unit — Broadwater County Area, Montana (MT609)				
Map unit symbol	Map unit name	Rating	Acres in AOI	Percent of AOI
BsB	Brocko silt loam, 2 to 5 percent slopes	Prime farmland if irrigated	71.1	44.1%
BsC	Brocko silt loam, 5 to 9 percent slopes	Farmland of statewide importance	11.4	7.1%
BsD	Brocko silt loam, 9 to 25 percent slopes	Not prime farmland	23.9	14.8%
MuC	Mussel-Musselshell complex, 5 to 9 percent slopes	Not prime farmland	23.9	14.8%
MwE	Musselshell-Crago channery loams, 15 to 35 percent slopes	Not prime farmland	4.3	2.7%
MxE	Musselshell-Crago cobbly loams, 8 to 20 percent slopes	Not prime farmland	2.4	1.5%
TvF	Tropal-Rock outcrop complex, 15 to 60 percent slopes	Not prime farmland	24.1	15.0%
Totals for Area of Interest			161.0	100.0%

Description

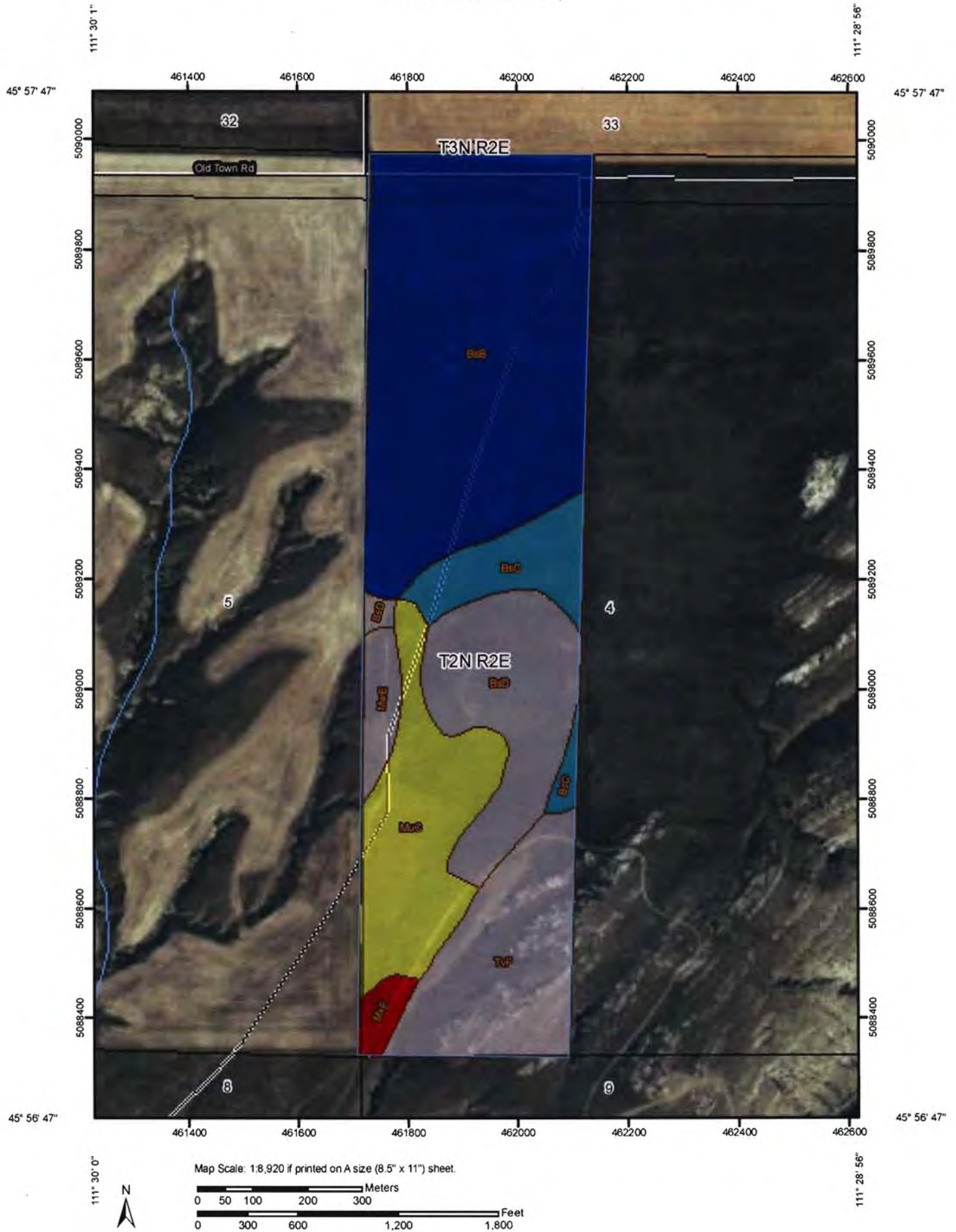
Farmland classification identifies map units as prime farmland, farmland of statewide importance, farmland of local importance, or unique farmland. It identifies the location and extent of the soils that are best suited to food, feed, fiber, forage, and oilseed crops. NRCS policy and procedures on prime and unique farmlands are published in the "Federal Register," Vol. 43, No. 21, January 31, 1978.

Rating Options

Aggregation Method: No Aggregation Necessary

Tie-break Rule: Lower

Yields of Non-Irrigated Crops (Component): Grass-legume hay (Tons)—Broadwater County Area, Montana
(State of Montana sale #302)



Yields of Non-Irrigated Crops (Component): Grass-legume hay (Tons)-Broadwater County Area, Montana
(State of Montana sale #302)

MAP LEGEND

- Area of Interest (AOI)**
-  Area of Interest (AOI)
- Soils**
- Soil Map Units
- Soil Ratings**
-  ≤ 0.06
-  > 0.06 AND ≤ 0.15
-  > 0.15 AND ≤ 1.19
-  > 1.19 AND ≤ 1.35
-  Not rated or not available
- Political Features**
-  Cities
-  PLSS Township and Range
-  PLSS Section
- Water Features**
-  Streams and Canals
- Transportation**
-  Rails
-  Interstate Highways
-  US Routes
-  Major Roads
-  Local Roads

MAP INFORMATION

Map Scale: 1:8,920 if printed on A size (8.5" x 11") sheet.

The soil surveys that comprise your AOI were mapped at 1:24,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for accurate map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL: <http://websoilsurvey.nrcs.usda.gov>
Coordinate System: UTM Zone 12N NAD83

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Broadwater County Area, Montana
Survey Area Data: Version 11, Jan 5, 2012

Date(s) aerial images were photographed: 8/15/2005, 8/6/2005

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

Yields of Non-Irrigated Crops (Component): Grass-legume hay (Tons)

Yields of Non-Irrigated Crops (Component): Grass-legume hay (Tons)— Summary by Map Unit — Broadwater County Area, Montana (MT609)				
Map unit symbol	Map unit name	Rating	Acres in AOI	Percent of AOI
BsB	Brocko silt loam, 2 to 5 percent slopes	1.35	71.1	44.1%
BsC	Brocko silt loam, 5 to 9 percent slopes	1.19	11.4	7.1%
BsD	Brocko silt loam, 9 to 25 percent slopes		23.9	14.8%
MuC	Mussel-Musselshell complex, 5 to 9 percent slopes	0.15	23.9	14.8%
MwE	Musselshell-Crago channery loams, 15 to 35 percent slopes		4.3	2.7%
MxE	Musselshell-Crago cobbly loams, 8 to 20 percent slopes	0.06	2.4	1.5%
TvF	Tropal-Rock outcrop complex, 15 to 60 percent slopes		24.1	15.0%
Totals for Area of Interest			161.0	100.0%

Description

These are the estimated average yields per acre that can be expected of selected nonirrigated crops under a high level of management. In any given year, yields may be higher or lower than those indicated because of variations in rainfall and other climatic factors.

In the database, some states maintain crop yield data by individual map unit component and others maintain the data at the map unit level. Attributes are included in this application for both, although only one or the other is likely to contain data for any given geographic area. This attribute uses data maintained at the map unit component level.

The yields are actually recorded as three separate values in the database. A low value and a high value indicate the range for the soil component. A "representative" value indicates the expected value for the component. For these yields, only the representative value is used.

The yields are based mainly on the experience and records of farmers, conservationists, and extension agents. Available yield data from nearby areas and results of field trials and demonstrations also are considered.

The management needed to obtain the indicated yields of the various crops depends on the kind of soil and the crop. Management can include drainage, erosion control, and protection from flooding; the proper planting and seeding rates; suitable high-yielding crop varieties; appropriate and timely tillage; control of weeds, plant diseases, and harmful insects; favorable soil reaction and optimum levels of nitrogen, phosphorus, potassium, and trace elements for each crop; effective use of crop residue, barnyard manure, and green manure crops; and harvesting that ensures the smallest possible loss.

The estimated yields reflect the productive capacity of each soil for the selected crop. Yields are likely to increase as new production technology is developed. The productivity of a given soil compared with that of other soils, however, is not likely to change.

Rating Options

Crop: Grass-legume hay

Yield Units: Tons

Aggregation Method: Weighted Average

Component Percent Cutoff: None Specified


Tie-break Rule: Higher

Interpret Nulls as Zero: Yes

Range Production (Normal Year)—Broadwater County Area, Montana
(State of Montana sale #302)

MAP LEGEND

Area of Interest (AOI)


 Area of Interest (AOI)


Soils


 Soil Map Units


Soil Ratings


 ≤ 528

 $> 528 \text{ AND } \leq 1177$

 $> 1177 \text{ AND } \leq 1310$


 $> 1310 \text{ AND } \leq 1360$


 $> 1360 \text{ AND } \leq 1455$

 Not rated or not available

Political Features

 Cities

 PLSS Township and Range


 PLSS Section


Water Features


 Streams and Canals


Transportation

 Rails

 Interstate Highways

 US Routes

 Major Roads

 Local Roads

MAP INFORMATION

Map Scale: 1:8,920 if printed on A size (8.5" x 11") sheet.

The soil surveys that comprise your AOI were mapped at 1:24,000.

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Source of Map: Natural Resources Conservation Service

Web Soil Survey URL: <http://websoilsurvey.nrcs.usda.gov>

Coordinate System: UTM Zone 12N NAD83

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Broadwater County Area, Montana

Survey Area Data: Version 11, Jan 5, 2012

Date(s) aerial images were photographed: 8/15/2005; 8/6/2005

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.



Range Production (Normal Year)

Range Production (Normal Year)— Summary by Map Unit — Broadwater County Area, Montana (MT609)				
Map unit symbol	Map unit name	Rating (pounds per acre per year)	Acres in AOI	Percent of AOI
BsB	Brocko silt loam, 2 to 5 percent slopes	1455	71.1	44.1%
BsC	Brocko silt loam, 5 to 9 percent slopes	1360	11.4	7.1%
BsD	Brocko silt loam, 9 to 25 percent slopes	1340	23.9	14.8%
MuC	Mussel-Musselshell complex, 5 to 9 percent slopes	1310	23.9	14.8%
MwE	Musselshell-Crago channery loams, 15 to 35 percent slopes	1177	4.3	2.7%
MxE	Musselshell-Crago cobbly loams, 8 to 20 percent slopes	1145	2.4	1.5%
TvF	Tropal-Rock outcrop complex, 15 to 60 percent slopes	528	24.1	15.0%
Totals for Area of Interest			161.0	100.0%

Description

Total range production is the amount of vegetation that can be expected to grow annually in a well managed area that is supporting the potential natural plant community. It includes all vegetation, whether or not it is palatable to grazing animals. It includes the current year's growth of leaves, twigs, and fruits of woody plants. It does not include the increase in stem diameter of trees and shrubs. It is expressed in pounds per acre of air-dry vegetation. In a normal year, growing conditions are about average. Yields are adjusted to a common percent of air-dry moisture content.

In areas that have similar climate and topography, differences in the kind and amount of vegetation produced on rangeland are closely related to the kind of soil. Effective management is based on the relationship between the soils and vegetation and water.

Rating Options

Units of Measure: pounds per acre per year

Aggregation Method: Weighted Average

Component Percent Cutoff: None Specified

Tie-break Rule: Higher

Interpret Nulls as Zero: Yes

EXHIBIT 5

KATHLEEN RICKETT, ARA

P.O. Box 691

Belgrade, MT 59714

406/388-0570 Office 406/388-0573 Fax 406/570-4450 Cell

Montana Certified General Appraiser # 650

Accredited Rural Appraiser (ARA) & Member of ASFMRA Accredited #1664

Katie@terrawestern.com



EDUCATION

Colorado State University, Fort Collins, Colorado

Bachelor of Science Degree: Equine Science (Science Concentration) 1996

University of Colorado at Boulder Continuing Education, Boulder, Colorado

Registered Real Estate Appraiser.

*NCRE 200-411 Registered Appraiser (40 hours) 1998 *NCRE 201-411 Basic Appraisal Applications (24 hours) 1998 *NCRE 208-411 Standards and Ethics (16 hours) 1998

American Society of Farm Managers and Rural Appraisers (ASFMRA):

* A-10, 6/20-26/1999, Austin, TX (40 Hours) * A-20, 8/23-28/1999, St. Cloud, MN (44 Hours) * A-12, 1/14-15/00, Billings, MT (16 Hours) * ALL215, 9/7-9/00, Manhattan Beach, CA (30 Hours) * A-12 Part 1 ASFMRA Ethics & Part 3- USPAP (7 Hours); 2/4-5/03 * ASFMRA- Federal Land Exchange & Acquisitions Course 4/7-9/03 (20 Hours) * A-25, 4/27-29/04, Boise, Idaho (20 Hours) * A-29, 4/30- 5/1/04, Boise, Idaho (15 Hours) * ASFMRA- Timber & Timberland Valuation, 1/31/05, Portland, OR (8 Hours) * UASFLA- "Yellow Book", 2/1/05, Portland, OR (8 Hours) * ASFMRA- Appraising Agricultural Land in Transition, 2/28-3/1/06 (12 Hours) * A-27- Income Capitalization, Indianapolis, IN, 3/15-18/06 (28 Hours) * A-114, USPAP Course, 10/27/06, Great Falls, MT (7 Hours) * A-30, 6/3-9/07, Denver, CO. (47.5 Hours) * Valuation of Conservation Easements, 1/ 14-18/08, ASFMRA & AI (33 Hours) * A-114, 7 Hour USPAP Update Course, 2/6/08, Billings, MT (7 Hours) * UASFLA- "Yellow Book", 10/14-16/08, Billings, MT (22 Hours) * Uniform Agricultural Appraisal Report, 5/8-9/08, Piedmont, SD (16 Hours) *What's Missing in Appraisal Reports, 2/ 4/09, Bozeman, MT (4 Hours) *Wind Leases-The Basic Rights of Ownership, 2/4/09, Bozeman, MT (2 Hours) * Update of Montana Water Rights, 2/4/09, Bozeman, MT (2 Hours) *ASFMRA- Code of Ethics Webinar, 8/11/09 (4 Hours) * A-114, 7 Hour USPAP 2010-2011 Update Course, 2/4/10, Billings, MT (7 Hours) * iKuw Adobe Acrobat 9 Professional, 4/16/2011 (12 Hours) * ASFMRA AFO/CAFO, 2/9/11, Bozeman, MT (4 Hours) * ASFMRA- Ag Trends in Ag Finance, 2/9/11, Bozeman, MT (2 Hours) * McKissock-Appraising Manufactured Homes, 9/8/11, Online, (7 Hours) *McKissock- Appraising FHA Today, 9/7/11, Online, (7 Hours) *GIS for Real Estate and Appraisal, 2/8/2012 Billings, MT (4 Hours) * Montana Access and Easement Law, 2/8/2012 Billings, MT (4 Hours) * A-114, 2012-2013 USPAP Update Course 2/7/2012 , Billings, MT (7 Hours)

EXPERIENCES

JK Appraisal & Consulting, LLC: Belgrade, MT Owner, President, (11/07 to Current)

* Responsibilities encompass all aspects of appraising duties. Specializing in agriculture, recreational, and other types of rural properties, including Federal acquisitions compliant with Uniform Standards for Federal Land Acquisitions a.k.a. Yellow Book appraisals; rural properties, inholdings, & conservation easements; Full narratives and Ag-Ware Form reports.

Associate Appraiser: Associate Appraiser with Terra Western Associates (11/07 to Current)
Bozeman, MT

* Responsibilities encompass all aspects of appraising duties. Specializing in agricultural, recreational, conservation easements, and other types of rural properties. Services include real estate appraisal, financial feasibility consulting, cash flow projections, and day-to-day management consulting.

Qualified Appraiser: United State Forest Service, Bozeman, MT (3/00- 10/12/07)

* Responsibilities encompassed all aspects of appraising duties. Specializing in Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) Appraisals for Federal acquisitions, land exchanges, right-of-ways, and inholdings.

Apprentice Appraiser: Hall-Widdoss & Co., Inc. South Dakota (8/98-3/2000)

* Hall-Widdoss & Co., Inc. has been conducting business since 1983. Covering the States of Montana, Idaho, Wyoming, Nebraska, and the Dakotas. The firm specializes in urban investment property, agriculture, recreational, and subdivision land appraisals. Appraisal work involved market value estimates for commercial, industrial, rural, recreational, mountain development, gaming (casino), mineral, and residential properties. The firm also has a vast experience with government trades and acquisitions. My duties included the mapping of legal descriptions, entering, confirming, and analyzing sales data, collection of courthouse information, and general property research. I completed numerous residential appraisals, aided with the development of appraisals performed for proposed acquisition/condemnation by DM&E Railroad; surface rights appraisals for Peabody Coal Company and various others. These included farms, ranches, and rural properties in Wyoming and South Dakota. I held South Dakota license number 666SR-2002 as a State Registered Appraiser

Apprentice Appraiser: Agribiz Appraisal & Consulting, Inc., Kim Colvin, ARA, President;
Luther Appraisal Services, George Luther, Jr., ARA.

*Subcontracted to perform basic appraisal duties. Researching sales, mapping of legal descriptions, proof reading reports, verifying sales with buyers, sellers, and agents. Also performed courthouse research, as well as, meeting with realtors to obtain sales information. Began to perform rural appraisals, using the three approaches to value.

Apprentice Appraiser: O'Neil & Co.: (1/98-7/98)

* During my employment I researched recent sales through the use of the Multiple Listing Service and the courthouse. I assisted in several appraisals by helping with measurements, pictures, and walk through of the subject property. I also observed and participated in the development of reports. I learned how to determine soil quality and productivity through the use of soil surveys and aerial photos.

KIM C. COLVIN, MA, ARA
P.O. Box 11950
Bozeman, MT 59719
Montana Certified General #174
Wyoming Certified General #424
Montana Licensed Real Estate Agent #11358
406/539-4924 cell - 406/522-9844 office
kim@terrawestern.com

TERRA WESTERN ASSOCIATES, INC., Bozeman, Montana 1999 to present
OWNER, PRESIDENT

Provides independent real estate and financial consulting to a variety of individuals and entities. Specializing in agricultural, recreational and other types of rural properties. Services include real estate appraisal, financial feasibility consulting, cash flow projections, and due diligence work. Ms. Colvin specializes in rural property valuation on properties such as the following:

- dairies
- conservation easements
- irrigated & dryland farms
- improved suburban tracts
- land divisions
- chattels
- land exchanges
- livestock ranches
- divorce settlement
- recreational land
- litigation support
- cash flow projections
- misc. acreage tracts
- rural subdivisions
- wildlife habitat
- Yellow Book Appraisal
- estate settlement
- feasibility studies

ML PROPERTIES, Big Timber, Montana 2005 to Present

Sales Associate - Have had real estate sales license since 1999. This license is now associated with ML Properties in Big Timber, Montana. Sales of rural real estate, due diligence for buyers, and sellers, and real estate consulting.

NORMAN C. WHEELER AND ASSOCIATES, Bozeman, Montana 1999 to 2005
SENIOR ASSOCIATE APPRAISER, AGRICULTURAL CONSULTANT

Associated with the company in March of 1999 as a senior associate appraiser. Norman C. Wheeler and Associates is a 52-year-old appraisal and consulting firm with offices in Bozeman and Sheridan, Montana. Professional staff employed by the firm include four full time appraisers with four holding state general licenses as well as the designation of Accredited Rural Appraiser (ARA). Provided independent real estate and financial consulting. Specializing in agricultural, recreational and other types of rural properties. Services included real estate appraisal, financial feasibility consulting, cash flow projections and day-to-day management consulting.

HALL-WIDDOSS & COMPANY, Spearfish, South Dakota 1997 to 1999
ASSOCIATE APPRAISER, AGRICULTURAL CONSULTANT

Specializing in agricultural, intensive livestock operations including dairies and feedlots, ranches, and recreational properties. Appraisal work involves market value estimates for agricultural, commercial, rural, recreational, mountain development, and residential properties. The work performed is used for condemnation and other types of litigation, special-use agricultural valuations, financing for both proposed and existing properties, acquisitions, multi-state land exchanges, legal actions, and market studies.

INDEPENDENT FEE APPRAISER, Helena, MT - 1991 to 1998

Appraising rural properties consisting of ranches, recreational properties, dairies, diversified farming operations including row crops and permanent plantings, packing houses and rural residential subdivision properties. Also included some financial consulting. Work performed in Montana, California, South Dakota, Wyoming and several other western states.

SIERRA WESTERN AGRICULTURAL SERVICES, INC., Exeter, CA - 1989 to present
ASSOCIATE APPRAISER, AGRICULTURAL CONSULTANT

Appraising ranch and dairy real estate, farm equipment, cattle and growing crops. Prepare and monitor farm operating budgets and farm management skills for commercial banks, CPA's, attorneys and farming companies. Verify financial statement assets. Evaluate farm Net Operating Income for banks and investors, and farm property earning capacity for potential buyers. Conduct financial consulting for ongoing operations and debt restructure.

SECURITY PACIFIC NATIONAL BANK, Visalia, CA - 1984 to 1989
ASSISTANT VICE PRESIDENT

1988-1989: As Commercial Loan Officer for Visalia Dairy Industries Center, performed as lead officer in a wide range of financial management and business development responsibilities. Clients consisted of dairy operations, dairies with extensive farming operations, creameries. Managed production loan portfolio of \$17 Million.

1984-1988: Served as A.V.P. Dairy Specialist, responsible for a wide range of financial and managerial customer evaluations in direct support of the bank credit officer: appraisal of agricultural real estate, dairy cattle, feedstuffs and farm equipment. Performed cash flow analyses and projections for dairy farms and general agricultural crops. Accounts consisted of farms and dairies located in California, Arizona, Oregon and Nevada. Also performed analyses and cash flows for operations with deciduous fruit, nuts and row crops.

MADDOX DAIRY, Burrell, CA - 1981 to 1984
YOUNGSTOCK MANAGER

Responsible for supervision of ongoing calf operation, supervising up to 3,600 head of youngstock, six employees, feed rations, record-keeping, veterinary treatments and maintenance of facilities. Mortality rate on 4,100 calves raised (0-2 mos) over two years - 1.0%

CAL POLY FOUNDATION DAIRY - San Luis Obispo, CA - 1977 to 1981

Held various positions, including Herdsman's Assistant, calf feeder, milker and maternity manager.

EDUCATION

B.S. Cal Poly, San Luis Obispo, June 1981, Dairy Science
Senior Thesis - Progesterone Levels as an Indicator of Pregnancy in Dairy Cattle
Carnation Genetics Artificial Insemination School
College of Sequoias, Visalia, CA - Accounting 1A, 1B
American Bankers Association -- Financial Statement Analysis;
Commercial Analysis for Lenders -- USC Advanced Financial Management
Pacifica Graduate Institute - August 2008 - M.A. Depth Psychology
Pacifica Graduate Institute - PhD. Program in Depth Psychology. Expected completion 2010.

APPRAISAL COURSES COMPLETED

Report Writing (1989), Fundamentals of Rural Appraisal (A10, 1991), Principles of Rural Appraisal (A20, 1991), Advanced Rural Appraisal (A30, 1992), Eminent Domain (A25, 1992), Standards & Ethics (A12), 1991, 1994, 1997, Income Approach Capitalization Unleveraged (A18, 1995), Environmental Seminar, (1994), Open Forum on Public Interest Value, (1994), Lease Valuation Seminar (1998), Appraisal Electronic Spreadsheet Seminar, (1998), Conservation Easement Appraisal (1998), PAASD Building Measurement and Computer Tools Seminar (1998), Appraisal Institute Ethics 420 (1998), Appraisal Institute Standards & Ethics 410 (1999), Fundamentals of Real Estate, Connole-Morton (1999), Federal Land Acquisitions and Exchanges (Yellow Book) (2000). Fundamentals of Real Estate, Connole-Morton, (1999), Real Estate Ethics, Connole-Morton (2000), Is the Comparable Comparable? IFA (2002), Appraisal Review - Residential 7 hours (AI, 2002), Appraisal Review - General 7 hours (AI, 2002). Risk in Real Estate, Connole-Morton (2002), ASFMRA Ethics (2003), USPAP 7 Hr Course ASFMRA (2003). IFA Manufactured Housing (2004), IFA Defects in Residences (2004), IFA Land Use (2004), 7 Hour USPAP Course (2005), Appraisal Institute Mapping Course (2005), Appraisal Institute 2005 URAR Update C (2005). USPAP 7 Hour Update (2006), Discounting and Leases Seminar (2006), 4 hour mandatory Real Estate Licensing Update and 8 Hours of continuing education Connole-Morton (2006). Montana Economic Conference (2007), IFA Easements and Licenses (2007), ASFMRA Appraisal Review (2007) 16 hours, ASFMRA

Appraisal Review Under USPAP 22 hours (2007). 4 hour mandatory Real Estate Licensing Update and 8 Hours of continuing education Connole-Morton (2007). Valuation of Conservation Easements 33 hour Certification Course – AI, ASFMRA, ASA, LTA (2008). ASFMRA Code of Ethics 4 hours (2008). Credit Crisis Continuing Education Connole-Morton 8 hours (2008). Gallatin Association of Realtors 4 hr Ethics Course (2008). ASFMRA Requirements of UASFLA – The “Yellow Book” (2008). Appraisal Institute USPAP 7 hr Update Course (2009). 4 hour mandatory Real Estate Licensing Update and 8 Hours of continuing Education Connole-Morton RE School (2009). Wind Powered Electric Generator Course ASFMRA (10/2009), ASFMRA Cost Estimating Seminar (1/2010), ASFMRA 7 hr USPAP Update Course (1/2010). ASFMRA Sales Comparison Approach Seminar (1/2011), AFO/CAFO Seminar (1/2011), River and Roads Seminar (1/2011). Montana Conservation Easement Conference for Financial Professionals (10/2011). 7 Hour USPAP Update Course (2/2012). Montana Access and Easement Law (2/2012). Montana GIS Cadastral Course (2/2012).

CIVIC AND PROFESSIONAL INVOLVEMENT

National Dairy Shrine Member; Accredited Member of the American Society of Farm Managers and Rural Appraisers (ARA); Montana Farm Bureau Member; National Mentor Chair for ASFMRA 1995-1998; 1998-99 ASFMRA Accrediting Committee member; Regional Appraisal Review Committee Chair; State legislative Committee Chairman and Real Estate Board Liaison for ASFMRA (4 years). Past State Mentor for Chapter. Past Montana ASFMRA State Chapter President (1995), Vice President and Director. Associate member of the Appraisal Institute, Member of University of Montana Western Advisory Board (2002). Sweet Grass County High School Booster Club Member (2008). Crazy Mountain Stock Grower’s Association (2008-2010) Sweet Grass County Wool Grower’s (2008-2010). Member of the Southwest Montana Farm and Ranch Brokers (ongoing). Member of the Southwest Montana Multiple Listing Service.

Uniform Agricultural Appraisal Report

EFFECTIVE DATE: February 13, 2013

Department of Natural Resources & Conservation (DNRC)

Sale # 303

160 Acres

Broadwater County, MT



Prepared For:

DNRC-TLMD

Attn: Emily Cooper

Intended User:

State of Montana

Montana Board of Land Commissioners

Department of Natural Resources & Conservation (DNRC)

Prepared By:

Terra Western Associates

P.O. Box 11950

Bozeman, MT 59719

Kim C. Colvin, ARA & Katie Rickett, ARA

Date Prepared:

February 14, 2013

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Uniform Agricultural Appraisal Report

Property Identification

Owner/Occupant:	State of Montana		Total Deeded Acres:	160.00
Property Address:			Effective Unit Size:	160.00
State/County:	Montana	/ Broadwater	Zip Code:	59644
Property Location:	3 miles Northwest of Three Forks, MT		Property Code #:	
Highest & Best Use:	Rural Investment	"As If" Vacant	FAMC Comd'ty Gp:	
	N/A	"As Improved"	Primary Land Type:	Rangeland
Zoning:	None		Primary Commodity:	Cow/Calf
Unit Type:	<input type="checkbox"/> Economic Sized Unit	<input checked="" type="checkbox"/> Supplemental/Add-On Unit		
FEMA Community #	300145	FEMA Map #	0014A	FEMA Zone/Date:
				2/9/1982
Legal Description:	NE1/4 SEC 8 TWP 2N RNG 2E Attached <input type="checkbox"/>			
Purpose of Report:	Develop an opinion of value for possible sale of subject property.			
Use/Intended User(s):	Decision Making for possible sale/State of Montana, Montana Board of Land Commissioners, & DNRC			
Rights Appraised:	Fee Simple excluding reservations, easements, conveyances, restrictions, and encumbrances of record.			
Value Definition:	Attached <input checked="" type="checkbox"/>			
Assignment:	Complete Appraisal	Report Type:	Summary	
Extent of Process/Scope of Work: Katie Rickett, ARA inspected the subject property on February 13, 2013. Market data was researched through local courthouse records, realtors, and other market participants knowledgeable of the local market. Total acres are calculated from the Montana Cadastral Web-site and confirmed with the county assessor and legal description. Additional property and market data was researched and obtained from the DNRC web-site as well as the NRCS web-site. The sales were inspected and analyzed to arrive at an estimated value. Appropriate approaches to value were implemented.				

Summary of Facts and Conclusions

Appraisal Report Summary

Date of Inspection:	02/13/13	Effective Date of Appraisal:	02/13/13
Value Indication	- Cost Approach: \$ - Income Approach: \$ - Sales Comparison Approach: \$ See Page 25		
Opinion of Value:	(Estimated Marketing Time 12-18 months) \$ See Page 25		
Cost of Repairs:	\$	Cost of Additions:	\$
Allocation:	Land: \$ \$ 0 / (0 %) Land Improvements: \$ \$ 0 / (0 %) Structural Improvement Contribution: \$ \$ 0 / (0 %) Non-Realty Items: \$ \$ 0 / (0 %) Leased Fee Value (Remaining term of encumbrance) \$ \$ 0 / (0 %) Leasehold Value: \$ \$ 0 / (0 %) Overall Value: \$ \$ 0 / (100 %)		
Income and Other Data Summary:	<input checked="" type="checkbox"/> Cash Rent	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator
Income Multiplier ()	Income Estimate: \$ 0.00 / (unit)		
Expense Ratio %	Expense Estimate: \$ 0.00 / (unit)		
Overall Cap Rate: %	Net Property Income: \$ 0.00 / (unit)		

Area-Regional-Market Area Data and Trends:

	Above Avg.	Avg.	Below Avg.	N/A
Value Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Activity Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Compatability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Development Potential	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Subject Property Rating:

	Above Avg.	Avg.	Below Avg.	N/A
Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soil Quality/Productivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improvement Rating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rentability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Property Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

USPAP, Organizational, or Other Requirements

Report Type: Summary**Date of Inspection:** 02/13/13**Date of Value Opinion:** 02/13/13**Date of Report:**

Scope of Work *(Describe the amount and type of information researched and the analysis applied in this assignment. The Scope of Work includes, but is not limited to the degree and extent of the property inspection; the extent of research into physical and economic factors affecting the property; the extent of data research; and the type and extent of analysis applied to arrive at the opinions or conclusions. Additionally, describe sales availability & ability to demonstrate market - "as vacant" - and "as improved" if applicable - or describe sales available to form value opinion "as completed" or proposed if requested; describe income sources and ability of income to support existing or proposed construction; discuss extent of third party verification of RCN, if applicable.):*

This appraisal was performed according to the specific guidelines set forth by the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. All three approaches to value were considered and developed. All opinions of value contained herein were derived in compliance with the specific guidelines aforementioned, using a level of analysis sufficient to constitute an appraisal that complies with the reporting requirements for a Summary Appraisal Report as set forth under Standards Rule 2-2(b). This appraisal also conforms to the Code of Professional Ethics and Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.

Existing land regulations were analyzed, neighborhood trends, market demand for the existing use of the subject property; as well as alternative uses, the physical characteristics of the property, and the highest and best use. The property's legal description, acreage, tax assessment, ownership history, improvements, and zoning information were verified with Broadwater County records. The water rights appurtenant to the subject property were researched at the Montana State internet website of the Department of Natural Resources & Conservation (DNRC), and soil information was gathered from the National Cooperative Soil Survey maintained by the Natural Resources and Conservation Service (NRCS) web-site. Numerous publications and periodicals, referenced within the body of this appraisal report were consulted for information regarding such factors as soil properties, vegetative range types, building construction costs, and building depreciation. In addition to information contained within our office files, the appraisers searched the local area and competing areas for the most recent sales data in the subject area.

A number of area property owners, real estate brokers, and other appraisers knowledgeable of this market were contacted in order to secure comparable sales data. All sales were verified with the buyer, seller, agents, or other parties having knowledge of the transaction.

Subject Property Sale & Marketing History: *(Analyze and report any agreements of sale, options, or current listings as of the date of the appraisal - and all sales within three (3) years prior to the effective date of appraisal. For UASFLA assignments, report the details of the LAST SALE OF THE SUBJECT - no matter when it occurred):* The State of Montana purchased the subject property in February 1926 from Fred Modshiedler via Warranty Deed Book 28, page 479.

Market Conditions *(Volume of Competing Listings, Volume of Sales, Amenities Sought by Buyers):* The area market is starting to see more activity (Sales and Listings) than in previous years.

Approaches to Value *(Explain Approaches Used and/or Omitted):* All three approaches to value have been considered for the subject property, however, the Sales Comparison Approach is the only approach that is felt to be reliable enough to use in this particular market. Rural Investment properties in the market area do not have any viable economic use relative to rental values. As described, while some are used for agricultural grazing the fees generated by such uses do not justify, nor are they relevant to, an economic valuation of properties, and cannot support land values commanded in this investment oriented market. As such, a valuation of the subject property by the Income Approach is not applicable. Since the subject property has only one land class, rangeland and is not improved, the Cost Approach would be a redundancy of the Sales Comparison Approach and thus is not applicable in this appraisal.

Additional Comments

Continued from Scope of Work :

Comparable sales were inspected to the extent possible. Trespass was avoided and owner permission was obtained when feasible. At a minimum, a "drive-by" inspection was made along public roadways. Montana is a nondisclosure state; thus, aside from sale notices or deeds, no sales data is of record. No sale prices are reported and the Appraiser must personally confirm sale values. I have made a diligent effort to correctly ascertain the circumstances and values surrounding each sale, and data provided by professional third parties is considered reliable. The investigation of this appraisal report included confirmation of sales with buyers, sellers, real estate professionals, plus inspecting each sale.

The photographs in this report are digital photographs and were not changed or manipulated in any manner. Information on market data was gathered, confirmed, and analyzed. Data relating to the subject was also analyzed and gathered. The Sales Comparison, Cost, and Income Approaches to value were considered. To develop the opinion of value, I performed a complete appraisal process as defined by the current USPAP under the summary appraisal reporting Rule 2-2(b). In developing a summary appraisal report, an appraiser uses or considered all applicable approaches to value, and the value conclusion reflects all known information about the subject property, market conditions, and all pertinent available data.

USPAP includes a competency provision that states:

The Uniform Standards of Professional Appraisal Practice (USPAP) require that prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience necessary to complete the assignment competently; or alternatively:

1. Disclose the lack of knowledge and/or experience to the client before accepting the assignment;
2. Take all steps necessary or appropriate to complete the assignment competently; and
3. Describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

Katie Rickett, ARA has been involved in the appraisal of rural real estate in the State of Montana, South Dakota, and North Dakota since 1998 and Kim C. Colvin, ARA has been appraising in this area for 25 years. We are familiar with the geographic area in which the subject property is located and understand the nuances of the local market and the supply and demand factors related to the specific property type and the location involved. We have been engaged in many appraisal assignments involving properties similar to the subject property and believe we are qualified and competent on the basis of our knowledge and experience to complete this assignment competently. Please refer to our qualifications, which are attached in the Addenda of this report.

As Instructed, we are appraising the subject property under a **Hypothetical Condition**. A **Hypothetical Condition** is defined by the Uniform Standards of Professional Appraisal Practice as:

" 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 the purpose of analysis."

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

The appraisers have been instructed to appraise the subject property as having legal access and "as-is" with out legal access. The subject property is landlocked and does not have any legal road access to the property.

MARKET VALUE DEFINITION

Regulations published by federal regulatory agencies pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Other:

EXPOSURE AND MARKETING TIME ESTIMATES

Market value (see above definition) conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

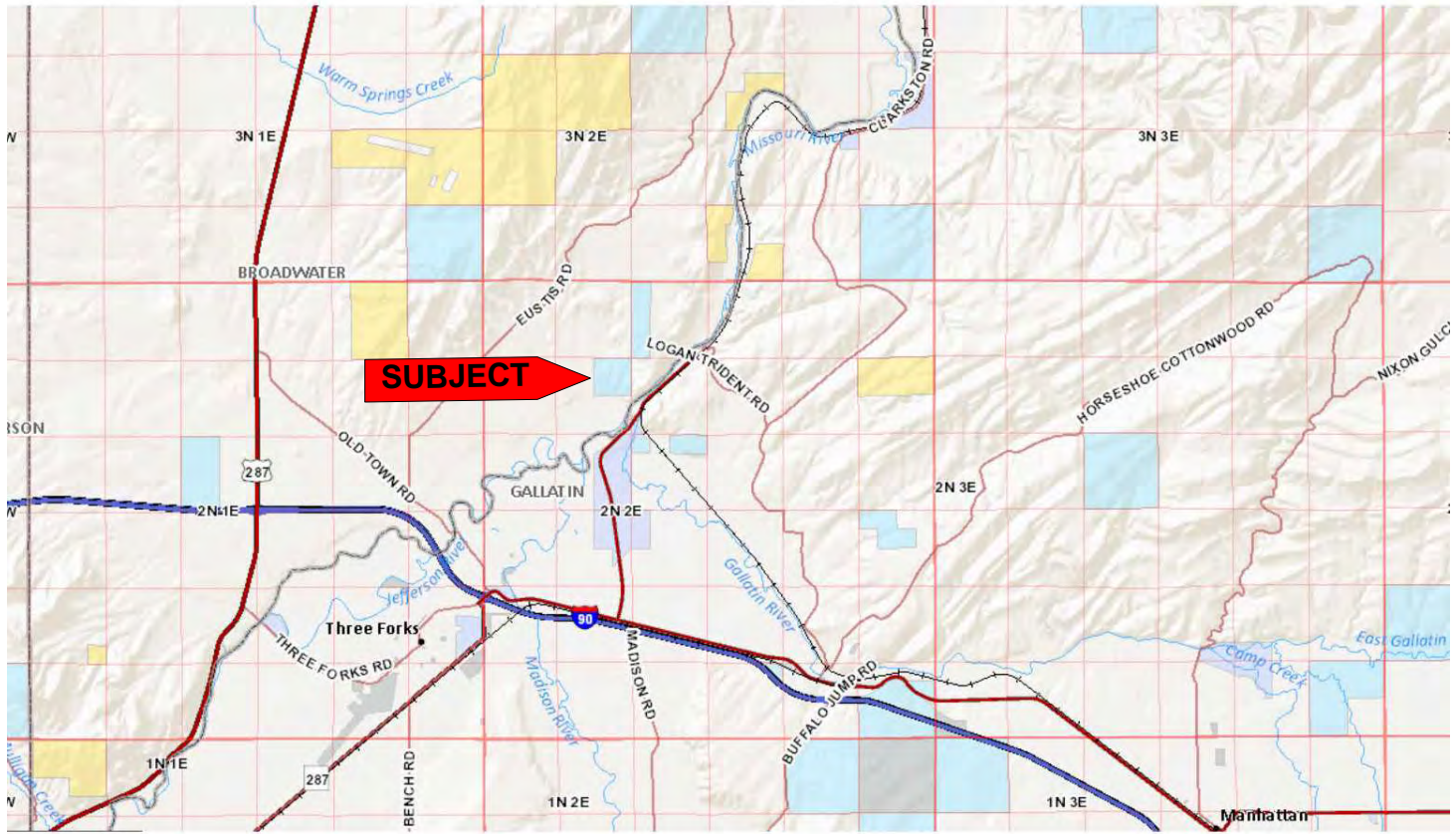
In applying the market value definition to this appraisal, a reasonable exposure time of 12-18 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to **precede** the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period **after** the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 12-18 months.

Comments:

Area-Regional Description	Area-Regional Boundary: Broadwater, Gallatin, and Jefferson County		On and Off Property:																																					
	Major Commodities: Hay, Beef Cattle, Barley, and Wheat		<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Up</td> <td style="text-align: center;">Stable</td> <td style="text-align: center;">Down</td> </tr> <tr> <td>Value Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Population Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Employment Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>					Up	Stable	Down	Value Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sales Activity Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Population Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Employment Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>														
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Forces of Value: <i>(Discuss social, economic, governmental, and environmental forces.)</i> Montana's 2012 census estimated a population of 1,005,141 people residing in the state (rural 640,739 and urban 348,676), an increase of 9.7% over 2000. Population density measuring people per square mile was 6.8, dropping from 48th to 49th nationally. The total land area of Montana is approximately 145,388 square miles or over 93 million acres, with 64.1% of the state contained in farm and ranch lands, a total of 29,400 farms, averaging 2,068 acres, as reported from USDA in 2010. Montana's 2011 agricultural sector output was approximately 4.2 billion dollars, and the states number one industry. It is estimated that 80% of Montana's population is employed by agriculture and small businesses, which constitute 90% of the state's business community. Of these small businesses, 80% have one or two owners and less than ten employees. The state of Montana owns approximately 6% of the state lands, and the federal government owns 29.1%. Indian reservations hold 5.3% of the state, with the remaining 58.7% privately held, with the remaining 0.8% being water. Of the 29.1% federal ownership, approximately 18% is under National Forest Service control, with 8.7% under the Bureau of Land Management and approximately 3% contained in national Madison and other divisions.																																								
Exposure Time: 12-18 months. <i>(See attached definition and discussion)</i>																																								
Market Area Description	Specific Market Area Boundaries: Southern Broadwater County																																							
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	Type	Rural <input checked="" type="checkbox"/>	Suburb <input type="checkbox"/>	Urban <input type="checkbox"/>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Above Avg.</td> <td style="text-align: center;">Avg.</td> <td style="text-align: center;">Below Avg.</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td>Property Compatability</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Effective Purchase Power</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Demand</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Development Potential</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Desirability</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>			Above Avg.	Avg.	Below Avg.	N/A	Property Compatability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Demand	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Development Potential	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
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Value Trend Sales Activity Trend Population Trend Development Trend	Up <input type="checkbox"/> Stable <input type="checkbox"/> Down <input checked="" type="checkbox"/>	Suburb <input type="checkbox"/> Stable <input type="checkbox"/> Down <input checked="" type="checkbox"/>	Urban <input type="checkbox"/> Down <input checked="" type="checkbox"/>																																					
Analysis/Comments: <i>(Discuss positive and negative aspects of market area.)</i> In 2010 Broadwater County had a population of 5,612 people, which is a 9.7% increase from the 2000 census, and was a 32% increase from the 1990 census. This 9.7% increase in population was mostly rural, since Townsend grew only 1% since the 2000 census. Broadwater County has been facing substantial growth since the 1980's. Growth pressures from a growing Helena affect the north end of the county; growth in Three Forks and Gallatin County is impacting the south end of the county; private lands in Deep Creek, the west slopes of the Big Belt Mountains, the Canyon Ferry Lake and the Missouri River areas and the east slope of the Elkhorn Mountains have amenities that typically are attracting growth. Several communities in the Broadwater County need revitalizing. In 2000 the county experienced serious wildfires that burned thousands of acres. Virtually all residents of the county are affected by either growth pressures, deteriorated communities, or a stressed economy.																																								
Continue on Pages 7-13																																								

Map Addendum



AREA & REGIONAL DATA

BROADWATER COUNTY

1. Location

Broadwater County is located in southwest Montana. It is bordered on the north by Lewis and Clark County, on the east by Meagher County, on the south by Gallatin County, and on the west by Jefferson County. The County includes 1,239 square miles, of which, 1,191 is in the form of land and 48 square miles are water. The county is mountainous with the valley area used for agriculture. Elevations range from 9472 feet on the top of Mount Baldy to the average valley elevation of 3800 feet. The Big Belt Mountains run along the eastern border, and the Elkhorn Mountains form the western boundary. The Missouri River flows through the county from south to north, offering both irrigation for crops and recreational opportunities. Canyon Ferry Lake covers approximately 35,000 acres in the northern part of the county, is the third largest lake in the state, and the lake shore is federally owned. Canyon Ferry Lake is Broadwater County's major asset, for its power generation, crop irrigation, and recreational capabilities.

Broadwater County's 796,000 acres, the land usage is as follows:

Private Lands	65%	515,000 acres
Grazing	41%	326,000 ac
Dry Crop	10%	77,000 ac
Irrigated	8%	46,000 ac
Timber - private	4%	35,000 ac
Other - urban, utilities	2%	20,000 ac
State Lands	3%	24,500 acres
Federal Lands	32%	257,500 acres

Broadwater County located between the major cities of Helena and Bozeman, with potential markets for Broadwater County goods and services. The county is also located on the route between Bozeman and Helena, which offers potential for travel and tourist commerce, not to mention the County's amenities for recreational activities.

2. Water Sources

Broadwater County is fortunate to have abundant water resources, by Montana standards, which makes irrigated crop land a major factor in the county's agricultural economy. Water is obtained from both surface water diversions and from groundwater development.

The Missouri River, which flows south to north through the county, is the key surface water source. Toston Dam on the Missouri, located approximately four miles south of the community of Toston, provides water for the Broadwater Missouri Diversion Project. This project furnishes water to irrigate crop lands along both sides of the river through two canals. The west side canal is 15 miles in length, running northwest of Toston. The east side canal passes to the east of Townsend, and continues up the east side of Canyon Ferry Lake, ending at Duck Creek. Total length of the east side canal is 35 miles. Together the two canals irrigate approximately 22,000 acres.

Big Spring Ditch flows out of Big Spring south of Toston, running six miles and ending at Dry Creek. This canal irrigates 2,200 acres.

Another surface water diversion from the Missouri River is the Montana Ditch. Its point of diversion is on the east bank of the river about two miles south of Townsend. It carries water to the east of Townsend and flows into Canyon Ferry Lake seven miles north of Townsend.

In the 1950's the U.S. Bureau of Reclamation constructed the Canyon Ferry Dam for power generation and irrigation. The resulting reservoir, Canyon Ferry Lake, has become a major feature of Broadwater County, covering 35,000 acres. Approximately 5,000 acres of productive agricultural land was inundated by the reservoir. As restitution for the lost prime agricultural acreage, the Bureau of Reclamation created the Crow Creek Pump Unit, an irrigation development system with a series of canals, ditches and pumps to provide irrigation water to previously dry crop lands within the valley.

Most of the new water development in the county has been for sprinkler irrigation. In addition, much of the previously flood-irrigated lands have come under sprinkler irrigation. Sprinkler irrigation systems are more efficient than flood irrigation, thereby making water available to irrigate additional lands. Sprinkler irrigation can affect ground water levels and quantities, aquifer recharge, and sub-irrigation. Approximately 46,000 acres of crop land in Broadwater County are currently irrigated. Irrigated lands have and will most likely continue to be used for hay, pasture, wheat, barley, and potatoes.

Additional Comments

3. Transportation

The Townsend Airport is located on City- County-owned land, and serves as the base for approximately 12 general aviation single-engine aircraft, and is used for general aviation, air taxi services, and military use by the National Guard. The airport uses a 4,000' long by 60' asphalt runway and includes a pilot's lounge, private hangers, and a camping area for overnight stays. The airport stages an annual fly-in on July 4, bringing in 50-60 aircraft along with pilots and passengers. Recent improvements at the airport include the installation of precision approach lights and the addition of five hangers since 2000. Two new businesses have also been established - an aircraft repair service and an aircraft sales business. County's transportation corridors provide access to areas throughout the United States and Canada.

Gallatin Field, 43 miles from the subject property, accommodates four airlines (Delta, Northwest, United and Horizon) providing a minimum of two flights per day each, Broadwater County has good air service in comparison to other population centers in Montana. Connections to major hubs at Salt Lake City, Spokane, and Minneapolis help to support a growing community of business commuters residing in Broadwater County. The Gallatin Regional Airport is being doubled in size with a completion date of this summer, 2011.

The county road department maintains approximately 670 miles of county roads. The department employs a county road supervisor and three additional employees. Since the Montana Department of Transportation assumed maintenance responsibilities for secondary state highways in 1997, the road department has no paved roads to maintain.

4. Social Forces

Heritage and Ethnic Groupings: Broadwater County contains a wide variety of ethnic groupings.

5. Area Prestige

The county has extensive acreage of irrigated crop, hay and pasture lands that contribute significantly to the county economy. Ample water is available in the county for irrigation and industrial use. The county has extensive timber and agricultural resources, from which value-added processing can be promoted. The Montana Railink Railroad provides important rail transportation of goods to and from Broadwater County. The climate is moderate, making the county an appealing and attractive place for visitors, retirees and prospective entrepreneurs. The county population has been growing steadily, which helps support local businesses and business growth. Many of the incoming new residents favor strong local economies and communities with appealing environments and life styles. Broadwater County has a growing professional business sector - finance, insurance, accounting, and health/medical care - that attracts out-of-county customers and strengthens the economy. The county is close to Helena and Bozeman, major cities with potential markets for Broadwater County goods and services. Also, the county is located on the route between Bozeman and Helena, which offers potential for travel and tourist commerce.

Broadwater County's lakes, rivers and streams support outstanding fisheries that attract anglers from all over the region. Canyon Ferry Lake and the Missouri River produces rainbow, brown, brook and cutthroat trout, walleye, whitefish and perch. The resident and non-resident fishing supports boat dealerships, sporting goods stores, tackle shops and outfitting. The county has abundant wildlife that supports hunting, and bird/wildlife watching. The Big Belt and Elkhorn Mountains provide excellent mule deer and elk habitat. Whitetail deer thrive along the Missouri River and in bottomlands. Mountain goats occur in the Big Belts, and a population of antelope range between Townsend and Winston. The Bureau of Reclamation constructed dust-control ponds and in cooperation with Montana Fish, Wildlife and Parks manages the ponds to produce excellent habitat for waterfowl and shorebirds. The Canyon Ferry Wildlife Management Area provides outstanding hunting for big game, pheasants and water fowl, as well as opportunities for watching bird and wildlife. The Indian Creek campground and ponds have been developed into a very attractive recreation facility that is enjoyed by both local residents and travelers.

The Lewis and Clark expedition up the Missouri river in 1805 provides opportunities for Broadwater County. The expedition traveled up the Missouri River from the Gates of the Mountains to the three forks of the Missouri River, making significant journal entries, in what is now Broadwater County. Residents of Broadwater and Gallatin Counties, with state and federal agencies, have developed historical points and features commemorating the Corps of Discovery.

The Headwaters State Park, across the river from Broadwater County, has become a well-known historical place commemorating the Corps of Discover. Interpretive signs at Toston Dam explaining the Lewis and Clark expedition are important tourist information attractions. In 2002, local residents erected a plaque to mark the Crimson Bluffs, a feature southwest of Townsend cited in the Lewis and Clark journals.

Additional Comments

6. Economic Forces

Broadwater County's economic revenue is healthier than some other counties, due to the type of property taxed or class of taxable valuation. Under Montana law, utilities have a tax rate of 12%, railroads have a tax base of 4.27%, and residential, commercial, industrial, and agricultural properties have a tax rate of 3.6% or less. Utilities and railroads are the largest contributors to the county property tax, due largely to a privately-owned electric power transmission line that crosses Broadwater County from east to west, and the mainline of the Montana RailLink railroad located in the county. Residential property is the second largest contributor to the property tax base and agriculture is the third.

The economic health of Broadwater County has historically been tied to the area's resources, including agricultural land, timber, and minerals. The timber resource is at a critical juncture, where decades of fire suppression and drought have combined to create extensive stands of beetle-killed trees, but market forces have forced sawmills and pulp plants to close. Opportunities exist for economic development based on the use of woody biomass material removed from forest restoration activities, such as wildfire hazardous fuel treatments, insect and disease mitigation, forest management due to catastrophic weather events, and/or thinning overstocked stands. Closing of these sawmills and pulp plants have forced the BCDC to become innovative and purchase equipment to produce a recycled woody biomass pellet, as an alternative energy source. This alternative energy source, since natural gas available is limited in the area, is hoping to become a cost effective lure for commercial businesses to come to Broadwater County.

The lands immediately north and west of Townsend are located in the Missouri River floodplain, which also limits the opportunities for expansion of the community.

Two major mining firms operate in Broadwater County. Apollo Gold Corporation owns the Diamond Hill gold mine in the Elkhorns north of Townsend. GrayMont Western US, Inc., operates a lime mining and lime processing operation in the Elkhorn Mountains west of Townsend. Small scale mining operations occur sporadically on public and private land in the county.

TOWNSEND AREA

The community of Townsend is located in the heart of an expansive valley, between the Big Belt and Elkhorn Mountains, where the Missouri River opens into Canyon Ferry Reservoir and is Broadwater County, Montana. Townsend is the county seat, with a 2010 census population of 1878 people, which is an increase of only 1% from the 2000 census. Neighboring communities of Wheatland reported 568 people, Toston reported 108 people with a 3% increase (3 people), and Radersburg reported 66 people with a 4% increase (2 people).

The total housing units reported in 2010 for Townsend was 2,023, of which 79.7% were owner occupied, and 20.3% were rentals. Mobile homes accounted for 23% of the housing units in the county. Approximately 23% of the homes in Broadwater County were built in the 1990's; 33% were built before 1940. Nearly 16% of the homes heat with natural gas, (natural gas is not available in most of the county, only the extreme north and south ends), 45% heat with propane, kerosene or fuel oil, and 22% heat with wood stoves. There are 151 real estate properties listed for the week of August 13th, 2011, on a real estate website for the Townsend area. Of these listings, three are foreclosures and the average listing price for all properties is \$466,010, a decrease from \$561,000 a month earlier. House prices are generally depreciating about 1.0% per month at the present time. The real estate market has been very stagnate in the past year, with very few homes sold.

The Broadwater Health Center and Home Health, the Townsend Star - weekly newspaper, the Broadwater County Museum, the Old Baldy Golf Course, and other facilities and services are important assets to the community. Townsend, Toston, Winston and Radersburg boast historic buildings like the Canton Church and Canyon Ferry Mansion. Throughout the year, events like the Walleye Festival, County Fair and NRA Rodeo, Fall Fest, Cowboy Entertainer Gathering, and the Christmas Stroll; brings visitors and neighbors together for Townsend grew rapidly between 1864-1909, due to its location surrounded by mining, logging, farming and ranching, and the Northern Pacific Railway. As the mineral deposits were depleted, many miners turned to farming and ranching. Today, agriculture is the primary industry for the Townsend area, with the county's productive valley and abundance of water sources. Mining is still a major county industry, as well as timber, manufacturing, and recreation.

Additional Comments

HELENA AREA

Helena is the capital city for the state of Montana, with a 2010 population of 28,180 people. As the Montana's state capital, the steady employment provided by the government has allowed Helena to avoid, for the most part, the boom and bust cycles that have been common in most other Montana towns and cities. The steady government employment has also allowed Helena to remain quite prosperous by Montana standards. The city itself is alive with the community spirit, street festivals, theater, museums, symphonies, fairs and rodeos. It is the hub of education and health care, a city of timeless treasures and sophisticated services. Surrounding features include the Continental Divide, Mount Helena City Park, Spring Meadow Lake State Park, Lake Helena, Helena National Forest, the Big Belt Mountains, the Gates of the Mountains Wilderness, Sleeping Giant Wilderness Study Area, Bob Marshall Wilderness, Scapegoat Wilderness, the Missouri River, Canyon Ferry Lake, Holter Lake, Hauser Lake, and the Elkhorn Mountains.

The subject property would be considered part of the greater Helena community, and Helena provides primary services to the property. Helena lies in western Montana and represents a principal Montana city.

BOZEMAN AREA

The city of Bozeman is the Gallatin County seat, and the home of Montana State University. Bozeman had a population of 37,280 in the 2010 census, which is the fourth largest city in the state, a 32% increase in population in the past decade. Daily commercial air flights to major cities are served by three private airlines, out of Gallatin Field, located eight miles west of Bozeman, in Belgrade. Bozeman produces two quality local television stations and a daily newspaper, distributed throughout the Gallatin County and surrounding counties.

As delineated by maps accompanying this report, the subject property is located 50 miles to the northwest of Bozeman. The subject property would be considered part of the greater Bozeman community, and Bozeman provides primary services to the property. Bozeman lies in southwestern Montana and represents a principal Montana city.

The community in the general area of the subject property, as well as throughout western Montana, has changed in composition and population. In many communities such as the subject's, where agricultural use and ownerships have traditionally predominated, recent developments in the land market over the past ten to twenty years have increased the number and influence of alternative land users and property uses. Many counties of western Montana are growing in population; development within these areas, and particularly rural residential development, was been steadily increasing for the four year period of 2003-2008. Bozeman, Montana has been named the "Best Little City to Retire To," one of the "Top 10 Cities in the U.S. to live," the "Top Recreational City in America" and Outside Magazine quotes famous movie stars stating that Bozeman is the new place to be. There have been an influx of new residents who can sustain even in the coldest winters and the population is steadily growing due to the shifting "greener attitude" in the Gallatin County area. Bozeman was named the "Healthiest City in Montana" in a summer 2010 survey of health. It has become nationally and internationally known. The airport reports numerous travelers flying to Europe and other countries each day from the local Gallatin County and Bozeman areas.

7. Future

Broadwater County's population grew to 5,612 in 2010, and is projected to increase to 6,300 by 2030, or 29.8% over the 20-year period. As the county seat, business hub, and location of critical facilities for medical care and assisted living, Townsend can expect to grow at a rate higher than that shown over the last decade, reflecting growth in the county. The City can also expect to see the median age continue to climb, driven by both the aging of the indigenous population and an influx of older people moving to the area to take advantage of city services and relatively low housing costs in a rural setting. At this time, the population in Montana, notably in the western region of the state, is also seeing an increase, while the eastern region is seeing a decline.

Broadwater County and the city of Townsend have joined forces and resources to establish the Broadwater County Development Corporation (BCDC), which has developed a ten year economic plan for 'capital improvements' and 'capital maintenance' projects. This economic plan has five categories of need; Public Facilities, Public Safety, Healthcare, Transportation, and Economic Development.

Additional Comments

In the BCDC's planning report, they noted that, while the natural resources-based economy must be resurrected, the tourism-based sector of the area's economy should also be nurtured to draw people to the area, give them a reason to stop and stay for a time, and most importantly, give them an opportunity to spend money at local businesses. Montana Department of Transportation traffic counts for 2009 show that over 3,000 vehicles traverse the county each day on Highway 287, with even higher counts occurring between Townsend and Helena. The BCDC stated, due to the lack of natural gas to the Townsend area, this is prohibiting growth of the commercial industry. The BCDC is developing a renewable energy pilot project, using local woody biomass to provide an alternative energy source for residential and commercial customers.

8. Agriculture

Broadwater County is sustained by agriculture, mining, forestry, and tourism. According to the 2007 Montana agricultural census (latest data), Montana as a whole had 29,524 farms, up from 2002 which had 27,870 farms. Broadwater County, in 2007, had 302 farms, with the average farm size of 1,572 acres, compared to the state average farm size of 2,079 acres. Broadwater County's total acreage of 796,000 acres, sixty percent is in agriculture, and eight percent of that is irrigated land. Total farm and ranch assets for Montana were \$1.61 Billion with 29.3% in cropland, 65.9% in rangeland and pasture, 3.3% in woodland and 1.5% in other land resources.

Broadwater County's main commodities of Cattle, Winter and Spring Wheat, Barley, Potatoes, and Forage crops sold, in 2007, had a market value of 25.5 million dollars. Sixty percent of the commodities sold were crops, while forty percent were livestock commodities.

Broadwater County has abundant water resources for agriculture, compared to other Montana counties. The 2007 Montana Agriculture census shows that over 50% of Broadwater County's cropland was under irrigation and over 70% of the crop yield harvested was produced from the productivity of irrigation. Total cash receipts from harvested crops, 85% came from irrigated acreage. Irrigated land constitutes only 8% of the total agricultural acreage, but represents 39% of the taxable valuation of all agricultural acreage. Irrigated lands generate 28% of the total taxable value of agricultural property.

Recreational and Aesthetic Features

In the 1950's the U.S. Bureau of Reclamation constructed Canyon Ferry Dam just north of Broadwater County for power generation and irrigation. Hunting, fishing and recreation have a long history in Broadwater County, and the county is developing a strong recreation/travel industry. The Broadwater Rod and Gun Club, formed in 1902, to influence fish and game management in the area. The Club facilitated planting of pheasants and trout in the valley. They also planted 36 head of elk up Dry Creek in 1916, which established a successful elk population in the Big Belt Mountains. In addition to generating electric power and providing irrigation water, Canyon Ferry Lake provides recreation opportunities of state-wide significance. Lake fishing, ice fishing, boating, camping, and picnicking are major recreation activities associated with the reservoir, and has contributed to the basic travel and tourism economy of the county. In the 1970's, the U.S. Bureau of Reclamation constructed dust-control ponds on the south end of the reservoir near Townsend. In cooperation with the Montana Department of Fish, Wildlife and Parks (FWP), the dust-control ponds are also managed to facilitate waterfowl nesting, which has resulted in excellent, productive habitat for ducks, geese and many shorebirds. The adjacent FWP Wildlife Management Area complements the waterfowl habitat and provides outstanding hunting for big game, pheasants and waterfowl, as well as opportunities for watching and photographing wildlife. Canyon Ferry Lake and the Missouri River have developed a reputation as high quality fisheries. Canyon Ferry Lake, the Missouri River from Three Forks to Townsend, Helena National Forest, Big Belt Mountains, Elkhorn Mountains, and numerous streams and lakes, and a rich history are amenities that drive a strong recreation and tourist industry.

Educational and Cultural Activities

There are three public schools (K-12) available in Townsend and the new high school can now host athletic, academic and arts events for the students. Helena offers the State of Montana - College of Technology, Carroll College, the

University of Montana-Extension, and the Maddios Hairstyling and Cosmetology College. Bozeman has the Montana State University.

Additional Comments

Health Care

The Broadwater County Health Center and Home Health facility is classified as a Small Rural Hospital. The facility has 9 hospital beds and laboratory and X-ray services. The Health Center provides physical therapy and home health care. The facility includes a nursing home with 35 beds. The staff includes two physicians and a practitioner. The Health Center provides ambulance service in Broadwater County, which includes an ambulance and 15 emergency medical technicians. Broadwater County owns the physical plant, although the facility is operated by a private non-profit district board of directors. The facility employs 85 personnel, one of the largest employers in the county.

Zoning

There is no county zoning in the Townsend area of Broadwater County that affects the subject property, however, if building is being considered in the county a septic system permit is required by the county and a state plumbing and electrical permit is required as well.

Government Considerations

Montana State Data

Montana's 2010 census reported 989,415 people residing in the state (rural 640,739 and urban 348,676), an increase of 9.7% over 2000. Population density measuring people per square mile was 6.8, dropping from 48th to 49th nationally. The total land area of Montana is approximately 145,388 square miles or over 93 million acres, with 64.1% of the state contained in farm and ranch lands, a total of 29,400 farms, averaging 2,068 acres, as reported from USDA in 2010. Montana's 2011 agricultural sector output was approximately 4.2 billion dollars, and the states number one industry. It is estimated that 80% of Montana's population is employed by agriculture and small businesses, which constitute 90% of the state's business community. Of these small businesses, 80% have one or two owners and less than ten employees. The state of Montana owns approximately 6% of the state lands, and the federal government owns 29.1%. Indian reservations hold 5.3% of the state, with the remaining 58.7% privately held, with the remaining 0.8% being water. Of the 29.1% federal ownership, approximately 18% is under National Forest Service control, with 8.7% under the Bureau of Land Management and approximately 3% contained in national Madison and other divisions.

Taxes

The State of Montana, through the Department of Revenue, is responsible for valuing all taxable real estate and personal property in the state. This property valuation is accomplished by appraisal/assessment offices located in each County in Montana. The amount of property tax is determined by multiplying the assessed value by a tax rate, set by legislature, to determine its taxable value. Taxable value is then multiplied by the mill levy established by the various taxing jurisdictions- city and County government, school districts, and others- that provide services in the area.

Additional Comments

Climate:

The area climate is continental in nature, and has four distinct seasons. The state of Montana receives from 12 to 24 inches of annual precipitation, with more than two thirds of that amount expected to fall during the annual growing season. This period extends from early May to September, with most precipitation falling in the form of scattered afternoon thunderstorms occasionally accompanied by strong winds, lightning and hail.

Summers are warm and mild, with frequent afternoon thundershowers. The annual frost-free season lasts from 100 to 120 days in this area. Fall can extend to late October, and winter snows typically begin to fall in November. Several feet of snow can accumulate in the mountainous areas around the subject from November through February. Annual temperatures commonly vary from 85 degrees to 90 degrees above zero to minus 40 degrees Fahrenheit; however, such extremes are not typically of a long duration.

Generally, spring weather begins in March, and warm summers extend into September. Falls are cool, with little snow falling until November or December. Winters are generally cold, with occasional blizzards accompanied by high winds. Montana lies in the strong belt of westerly's, which move out of the Pacific Ocean and deposit much of their precipitation on the mountain ranges of the Pacific Northwest and Montana. The average storm track out of the semi-permanent Gulf of Alaska Low is across British Columbia and eastward across the prairie provinces of Alberta and Saskatchewan. When this weather regime is entrenched firmly over western North America, Pacific weather systems have already lost a considerable portion of their moisture on the coastal ranges before reaching Montana. The remaining precipitation is largely confined to the state's mountains.

Over most of Montana June is the wettest month, followed by May, with the exception of some areas of the northwest. The average rainy season is from May 20th through June 20th. The wettest week of the year is usually the first week of June. July and August are normally Montana's warmest months, and precipitation usually falls as showers during thunderstorms. A generalized rain pattern is quite rare. Also, a marked difference exists between the thunderstorms in July and August and those of May and June. The rainy season thunderstorms are associated with large-scale storm systems well endowed with moisture as well as strong temperature differences. The resulting heavy rains and hail can cover extensive areas of the state and often move from the east to the west, releasing torrential rains as they lift over the mountains. As the air masses become warmer and drier in July and August, the convective activity generally moves from the southwest to the northeast ahead of Pacific systems, with hail tracks tied to the topography of the state. July and August thunderstorms, while more scattered and often drier, may be destructive, with wind and hail. The higher bases of the clouds create "dry thunderstorms" and their accompanying vivid lightning, spectacular to viewers.

September in Montana is an obvious transition month and is extremely variable. Hot weather may end abruptly during the end of August or the first part of September as a major storm sweeps the state. The first snow may fall during the first week of September, and the growing season often ends with a sharp freeze. The east slopes of the Rockies experience an upsurge of precipitation, a "mini" wet season, which is very important in the sprouting of winter wheat.

October's normal temperature and precipitation can be rather surprising. October's Indian summer weather is often the most pleasant of the entire year, and temperatures are usually a little warmer than April. However, a vicious fall snowstorm, much like its cousin the April snowstorm, can also sweep the state. Some years October has been the driest month of the year. By November the annual intensification of the Gulf of Alaska Low is underway, and strong southwesterly winds associated with Pacific weather systems again sweep over the divide onto the plains. Arctic air deepens over northern Canada as the days shorten. The first major arctic outbreak with below-zero temperatures may reach the plains east of the divide during November, but normally it occurs the first week of December.

Additional Comments

Montana Agriculture

Montana's 60.2 million acres of farms and ranches ranks second in the nation behind Texas in total amount of land in agriculture. The total land area of Montana is approximately 145,388 square miles, with 64.1% of the state contained in farm and ranch lands. The farm population of the state, at 45,718, averages 0.4 people per farm.

Of the approximately 60 million acres in use as farm and ranch lands, 66% is comprised of rangeland, with 30% containing croplands (8.5 % irrigated). The total number of farms and ranches in the state of Montana has continually decreased since 1933, when there were 53,000 units. As of 2007 (the latest data available for Montana) it is estimated that there are approximately 29,500 farms and ranches located in the state. The average size of farms and ranches in the state is approximately 2,079 acres. A look at this 2011 agricultural production and inventory rankings shows Montana holds its own among states, according to USDA, National Agricultural Statistics Service, Montana Field Office. Montana ranked second for land in farms with 60.8 million acres in 2010. Texas ranked first with 130.4 million acres and Kansas ranked third with 46.2 million acres. Montana ranked thirty-first for number of farms with 29,400, while Texas ranked first with 247,500 farms. Montana ranked second behind Wyoming for average farm size with 2,068 acres.

Data from NASS March 1, 2012 updated report on Montana: Montana ranked third for all wheat production in 2011, accounting for 8.8% percent of the U.S. total, surpassed by North Dakota and Kansas. Montana ranked third for durum wheat, third for winter wheat, and second for other spring wheat production, accounting for 21.4 percent, 6.0 percent, and 16.3 percent, respectively, of the nation's total. For durum and spring wheat production, North Dakota ranked first. Kansas ranked first for winter wheat production, followed by Texas, Oklahoma, Washington, and Colorado. Montana accounted for 19.9 percent of the nation's barley, ranking third behind North Dakota and Idaho.

Montana ranked second, behind North Dakota, for flaxseed production, accounting for 7.5 percent of the nation's total. Montana ranked first in lentils and dry edible peas. With safflower production, accounting for 6.9 percent of the U.S. total. Montana ranked sixth for sugar beet production with 4.1 percent of the U.S. total, behind Minnesota, North Dakota, Idaho, and Michigan. Montana ranked third for 2011 for alfalfa hay production with 6.7 percent of the nation's total, behind California, South Dakota, and Idaho. Montana ranked eighth for all sheep and lamb inventory on January 1, 2012 with 225,000 head and 4.2 percent of the U.S. total. Montana ranked sixth for breeding sheep inventory with 210,000 head and 5.3 percent of the U.S. total. Montana ranked seventh for lamb crop with 205,000 head or 5.8 percent of 2012 the U.S. total, preceded by Texas, California, South Dakota, and Wyoming. Montana ranked eighth for wool production with 1.85 million pounds or 6.3 percent of the U.S. total. Montana's all cattle and calves inventory on January 1, 2012, ranked eleventh in the nation with 2.5 million head, or 2.8 percent of the U.S. inventory. Montana ranked ninth for all cows with 1.47 million head, accounting for 3.8 percent of the U.S. total, and sixth for beef cows with 1.456 million head, accounting for 4.9 percent of the U.S. inventory. Montana ranked seventh for calf crop with 1.47 million head, accounting for 4.2 percent of the U.S. total.

Montana beekeepers produced 13.34 million pounds of honey or 9.0 percent of the nation's total in 2011, placing Montana in fourth place among the states.

Montana's Rank in the Nation's Agriculture

ITEM	TOTAL	UNIT	PERIOD OR DATE	RANK	% U.S. Total
Number of farms and ranches	29,400	farms/ranches	2010	31	1.3
Land in farms and ranches	60,800,000	acres	2010	2	6.6
Average Farm Size	2,068	acres	2010	3	N/A
INCOME FROM CASH RECEIPTS, EXCLUDING GOVERNMENT PAYMENTS					
Total	2,565,054	thousand dollars	2009	33	0.9
Crops	1,515,649	thousand dollars	2009	30	0.9
Livestock	1,049,404	thousand dollars	2009	32	0.9
LIVESTOCK INVENTORY					
All Cattle and Calves	2,500,000	head	Jan. 1, 2011	11	2.7
All Cows	1,490,000	head	Jan. 1, 2011	9	3.7
Beef Cows	1,476,000	head	Jan. 1, 2011	7	4.8
Milk Cows	14,000	head	Jan. 1, 2011	40	0.2
Cattle on Feed	30,000	head	Jan. 1, 2011	23	0.2
All Sheep and Lambs	230,000	head	Jan. 1, 2011	8	4.2
Breeding Sheep	215,000	head	Jan. 1, 2011	5	5.2
Meat and Other Goats	7,000	head	Jan. 1, 2011	39	0.3
Milk Goats	2,600	head	Jan. 1, 2011	32	0.7
Hogs and Pigs	180,000	head	Dec. 1, 2010	22	0.3
Chickens	535,000	head	Dec. 1, 2010	35	0.1
LIVESTOCK PRODUCTION					
Calf Crop	1,490,000	head	2010	7	4.2
Lamb Crop	225,000	head	2010	5	6.3
Pig Crop	441,000	head	2010	25	0.4
Wool Production	2,000,000	pounds	2010	6	6.5
Egg Production	119,000,000	eggs	2010	35	0.1
Honey Production	11,618,000	pounds	2010	5	6.6
CROP PRODUCTION					
All Wheat	215,360,000	bushels	2010	3	9.8
Winter Wheat	93,600,000	bushels	2010	6	6.3
Durum Wheat	18,020,000	bushels	2010	2	16.8
Other Spring Wheat	103,740,000	bushels	2010	2	16.8
Barley	38,440,000	bushels	2010	3	21.3
Oats	1,647,000	bushels	2010	17	2.0
All Hay	6,105,000	tons	2010	6	4.2
Alfalfa Hay	4,485,000	tons	2010	4	6.6
Other Hay	1,620,000	tons	2010	17	2.1
All Dry Beans	359,000	cwt	2010	10	1.1
Pinto Beans	275,000	cwt	2010	9	2.0
Garbanzo Beans	84,000	cwt	2010	5	4.3
Lentils	3,359,000	cwt	2010	2	38.8
Dry Edible Peas	4,140,000	cwt	2010	2	29.1
Austrian Winter Peas	110,000	cwt	2010	1	46.4
Fall Potatoes	3,673,000	cwt	2010	12	1.0
Sugar Beets	1,254,000	tons	2010	5	3.9
Flaxseed	255,000	bushels	2010	2	2.8
Safflower	22,950,000	pounds	2010	2	10.4
Canola	30,102,000	pounds	2010	5	1.2
Corn for Grain	4,590,000	bushels	2010	38	1/
Corn for Silage	1,080,000	tons	2010	23	1.0

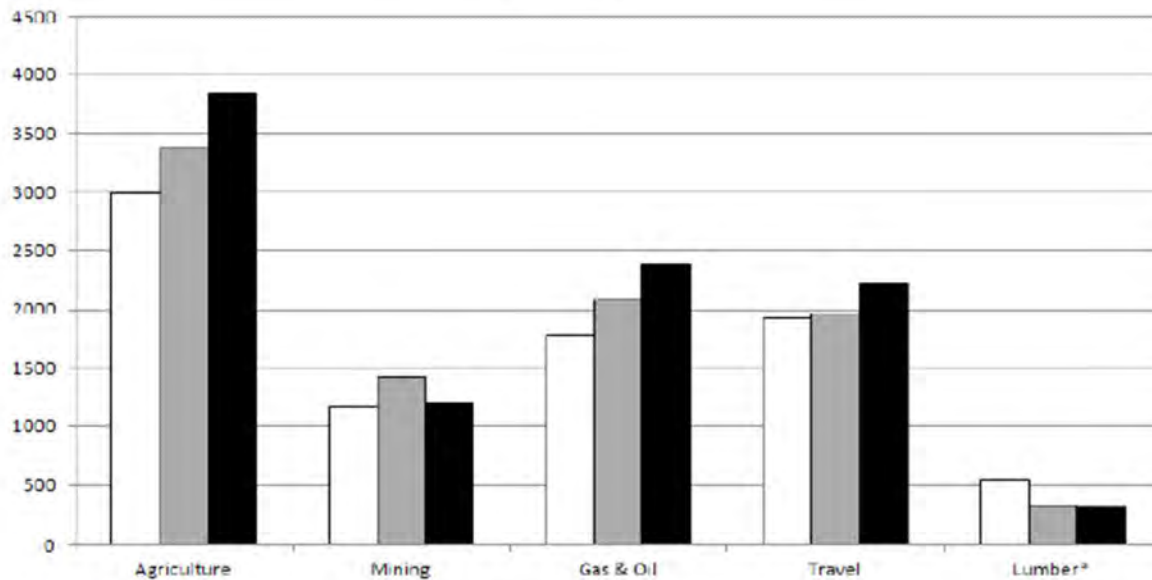
1/ Less than one-tenth of one percent.

Value Added to the U.S. Economy by the Agricultural Sector, Montana

Item	2006	2007	2008	2009	2010	2011
Million Dollars						
Value of crop production	903.6	1,302.3	1,732.2	1,720.9	1,907.3	1,949.1
Food grains	698.3	889.9	1,191.3	1,002.0	1,036.5	1,372.0
Feed crops	180.0	227.3	313.2	421.4	415.9	440.9
Oil crops	9.7	10.6	12.8	12.6	16.2	17.8
Fruits and tree nuts	1.7	7.1	7.9	5.5	7.9	7.9
Vegetables	60.3	105.3	104.6	109.4	163.1	157.5
All other crops	106.5	97.6	92.1	111.0	139.7	126.0
Home consumption	1.9	1.7	2.0	1.2	1.1	1.5
Value of inventory adjustment 1/	(154.8)	(37.1)	8.2	57.8	126.8	(174.5)
Value of livestock production	1,215.6	1,349.2	1,183.8	1,026.2	1,219.9	1,425.5
Meat animals	1,106.4	1,019.7	1,062.8	968.9	1,152.1	1,266.5
Dairy products	45.6	61.1	58.0	42.8	48.0	56.3
Poultry and eggs	4.8	10.1	11.7	8.7	8.5	9.6
Miscellaneous livestock 3/	52.8	43.5	47.1	48.4	54.9	87.6
Home consumption	6.1	5.2	6.3	5.8	6.8	6.5
Value of inventory adjustment 1/	(0.2)	209.5	(2.1)	(48.3)	(54.4)	(1.0)
Revenues from services and forestry	652.6	697.0	788.1	693.0	554.5	781.8
Machine hire and custom work	44.2	59.7	51.8	136.4	48.6	69.0
Forest products sold	3.0	3.0	3.0	3.0	3.0	3.0
Other farm income	194.9	188.0	214.4	224.2	166.9	353.1
Gross imputed rental value of farm dwellings	410.6	446.3	518.9	329.3	335.9	356.7
Value of agricultural sector production 2/	2,771.7	3,348.5	3,704.1	3,440.1	3,677.7	4,156.5

Montana Selected Industries Comparison

2009-2011



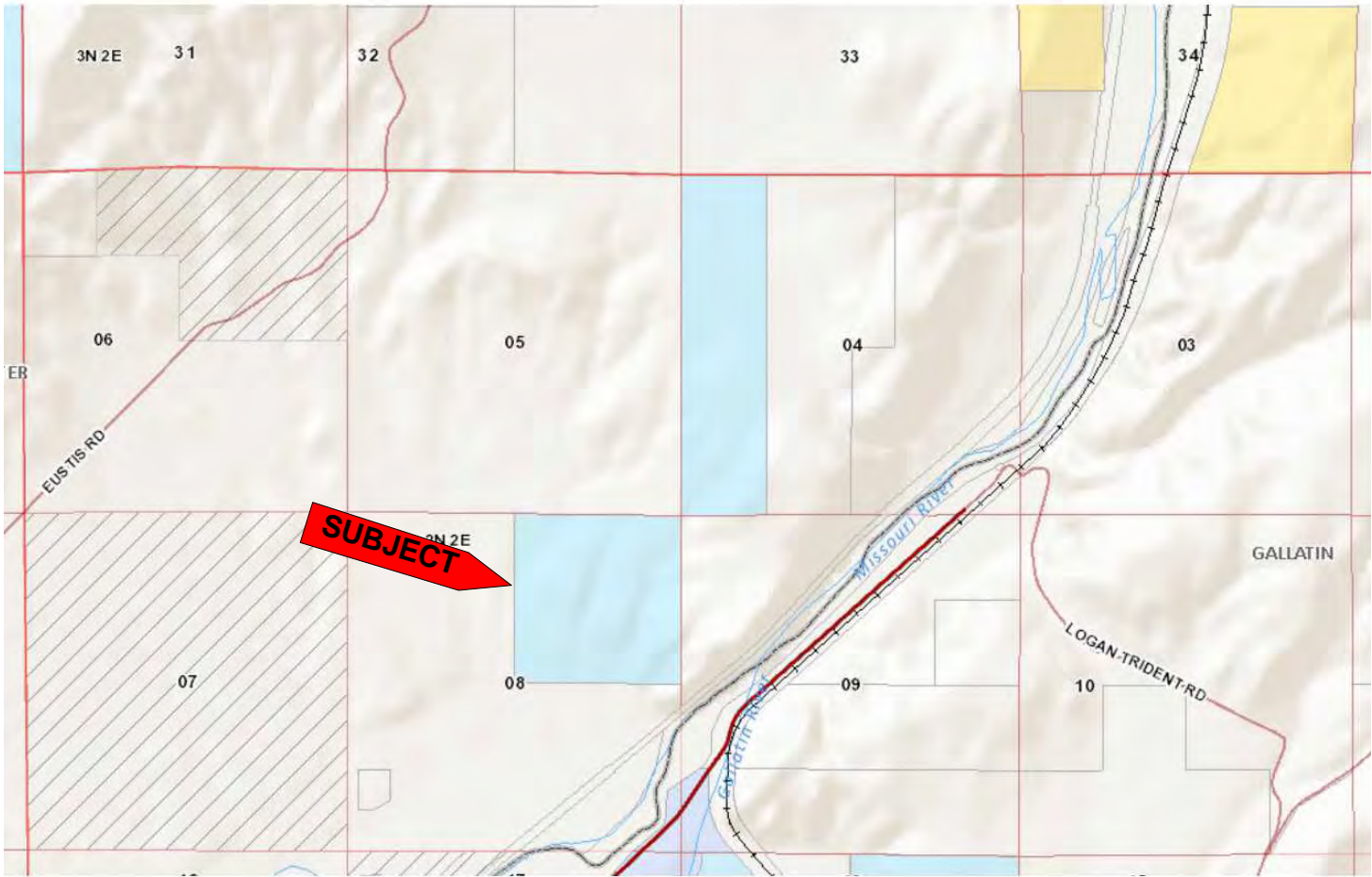
* Wood & Paper Products

□ 2009 ■ 2010 ■ 2011

Economic 14

2012 Montana Agricultural Statistics

Map Addendum



Property Description: (*Location, use and physical characteristics*) The subject property is located 3.5 air miles northwest of Three Forks, MT. The property is accessed from Eustis Road, a county gravel road, to a two track road. The subject property is landlocked and does not have legal access. As instructed, the appraiser will appraise the subject property as having legal access and "as-is" with no legal access. The property is square in shape. The property is native rangeland with limited sage-brush cover and no timber/junipers. It is evident that the property has been grazing in the past. The terrain is open rolling with two coulees running through the property. The southeast corner of the property drops off quickly towards the river. The subject property has no river frontage but offers nice views of the river corridor. The southern portion of the property is bisected by a high tensile power line which detracts from the overall aesthetics of the property. The property is partially perimeter fenced with areas of down fence around the tract. What fence does exist, consists of wood and "T"-posts and three to four strand barbed-wire. There is a single water right associated with the subject property, water right #41I-13574900. It is for stock water purposes and is groundwater from what appears to be a spring from the center coulee of the subject property. No surface water was seen at the time of inspection.

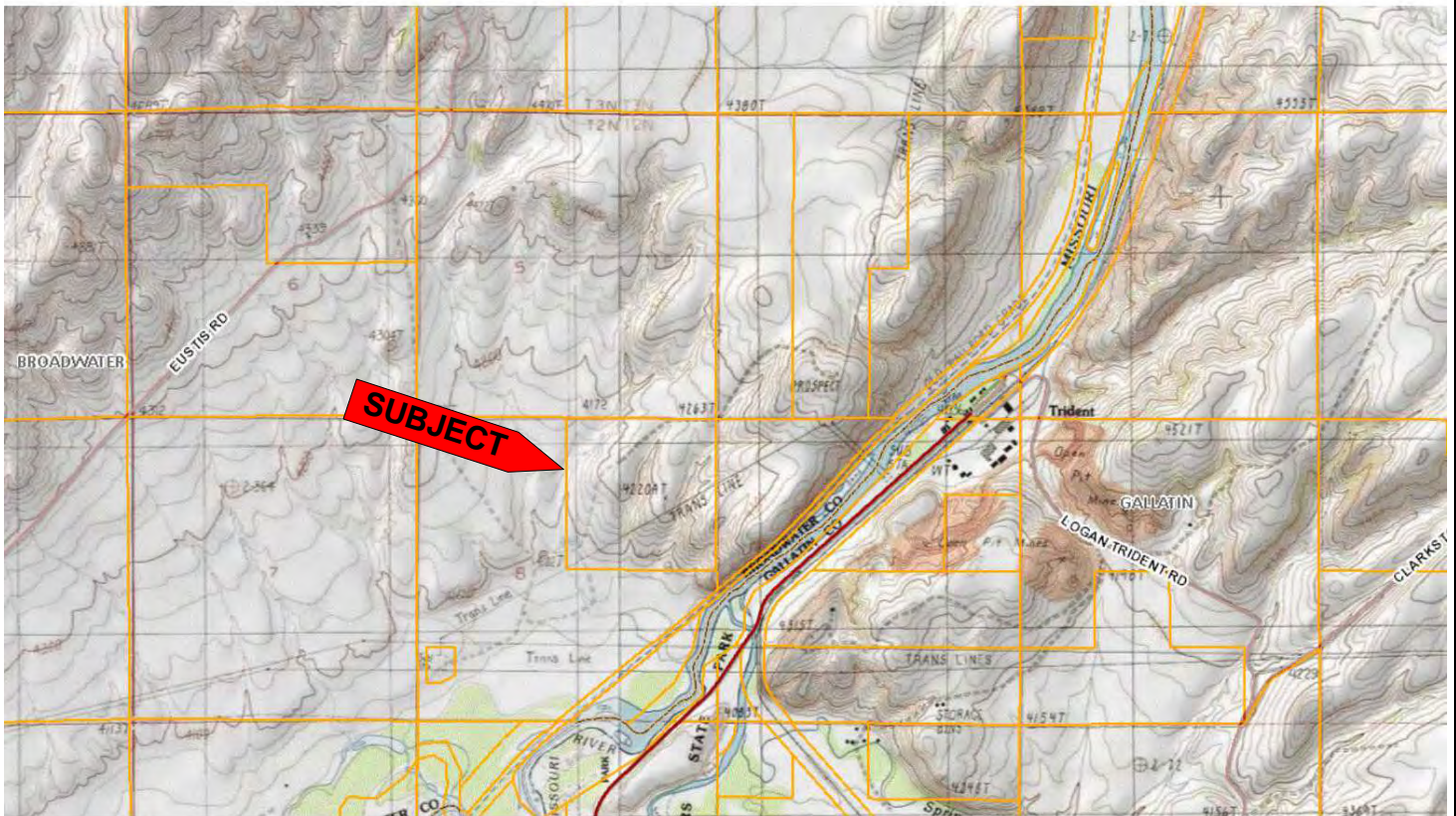
Continue Below

Land Use	Deeded Acres	Unit Type	Unit Size		Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Irrg Land				(0.0%)	Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dry Cropland				(0.0%)	Legal Access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hay Land				(0.0%)	Physical Access	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tame Pasture				(0.0%)	Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rangeland	160.00	Acres		(100.0%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Farmstead				(0.0%)	Adequacy Utilities	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Roads/waste				(0.0%)	Services	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other				(0.0%)	Rentability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Leases				(0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreation				(0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total Deeded Acres	160.00	Total Units	0.00	(100 %)	FEMA Zone/Date	2/9/1982			
					Building Location				

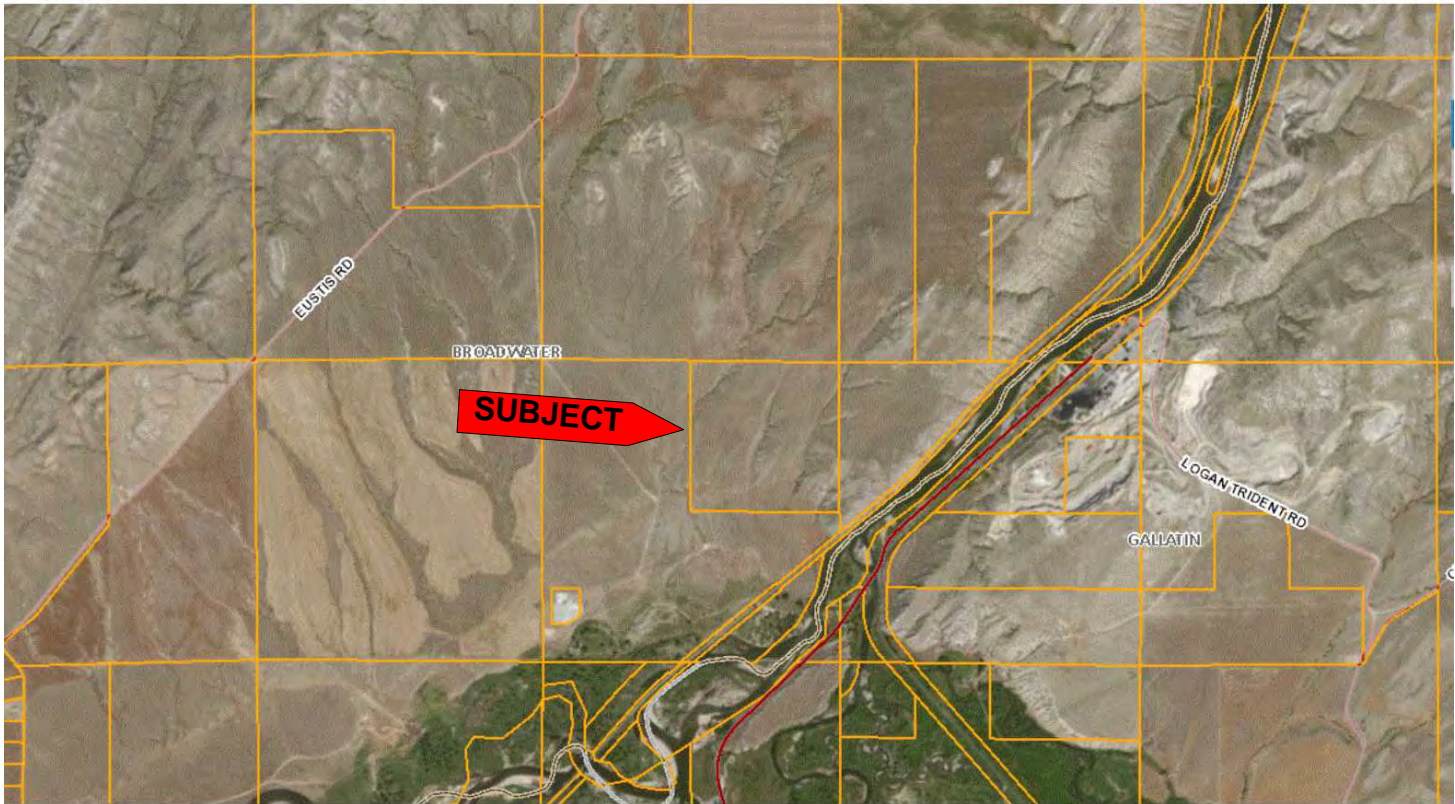
Climatic:	10-18	" Annual Precipitation	4000	' to	4200	' Elevation	90-110	Frost-Free Days
Utilities:	Wells	Water	1/4 mile	Electric	Septic	Sewer	Propane	Gas
Distance To:	10	Schools	40	Hospital	40	Markets	9	Major Hwy.
								Cnty Lnk Telephone Service Center

Comments There are no hazards or detriments that materially affect the value of the subject property. The subject is susceptible to the area weather but the surrounding area receives the same type of weather. The weed liability on the property is above average for this unit in this area. Given the date of inspection, grass and weeds have not yet started growing so the amount and type that might exist is unknown. Should this be of concern, a weed specialist should be engaged to inspect the weeds during the growing season in order to estimate the expected liability. This appraisal assumes that the weeds are not toxic and the appraiser reserves the right to update the appraisal should the area found to be hazardous. The Appraiser is not an expert in either the detection of hazardous or toxic substances or structural engineering, and did not conduct an environmental audit of the subject property. The property is being appraised assuming there are no toxic or hazardous substances present or associated with the subject property that would affect value. The Appraiser reserves the right to reassess the situation and adjust values if deemed necessary. A detailed search was not undertaken to ascertain the exact status of the mineral estate on the subject parcels. However, in reviewing the past warranty deeds related to the subject property it appears that all minerals are attached to the surface rights of the subject property.

Map Addendum



Map Addendum



History	<input checked="" type="checkbox"/> Ownership Longer Than <u>3</u> Years					
		Owner	Recording/Reference	Date	Price Paid	Terms
	Previous:	<u>Fred Modschiedler</u>	<u>B-28, pg 479</u>	<u>2/20/1926</u>	\$ <u> </u>	<u> </u>
	Present:	<u> </u>	<u> </u>	<u> </u>	\$ <u> </u>	<u> </u>
Taxes	Tax Basis: <input type="checkbox"/> Agricultural <input checked="" type="checkbox"/> Exempt Property <input type="checkbox"/> <u> </u>		Assessment Year <u>2013</u> Land \$ <u>7,401</u> Building(s) \$ <u> </u> <u> </u> \$ <u> </u> Total Assessed Value \$ <u>7,401</u>		Forecast: Current Tax \$ <u>0</u> Estimated/Stabilized \$ <u> </u> Or (<u>160.00</u> Ac.) = \$ <u>0.00</u> /acre Trend: <input type="checkbox"/> Up <input type="checkbox"/> Down <input type="checkbox"/> Stable	
	Parcel #: <u>J249001</u> Comments: Because the subject property is owned by the State of Montana it is exempt from property taxes.					
Zoning	Current Zoning: <u>None</u> Zoning Conformity: <input type="checkbox"/> Yes <input type="checkbox"/> No Zoning Change: <input checked="" type="checkbox"/> Unlikely <input type="checkbox"/> Probable To: <u> </u> Comments: <u> </u>					
Highest & Best Use Analysis	Highest & Best Use is defined as that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.					
	Analysis: <i>(Discuss legally permissible, physically possible, financially feasible, and maximally productive uses)</i> There are no legal limitations currently affecting the subject property. The subject is open for many physically possible uses. Subject is being appraised as having legal access under a hypothetical condition and "as-is" with no legal access. It is physically able to support many uses: industrial, commercial, mineral development, recreational, rural homesite, and agriculture. Due to the physical location of the subject an industrial or commercial type use would not be financially feasible as the area does not indicate a need or want for such a facility in this area. The surrounding area does not indicate a potential for mineral development and thus would not be feasible on the subject property as there is no mineral development in the surrounding area. Of the remaining highest and best uses of the subject property: recreational, rural homesite, and agriculture, the most financially feasible use of the property is a classification that incorporates the recreational and rural homesite use, known as rural investment. As stated the market is beginning to indicate a rebound for rural homesites but until this market becomes stronger, the most financially feasible and maximally productive use of the subject property is a rural investment with agriculture as a complementary use.					
	Highest and Best Use: "As if" Vacant <u>Rural Investment</u> "As Improved" <u>N/A</u>					
Value Methods	Discussion: <u> </u>					
Value Methods	Valuation Methods: <input type="checkbox"/> Cost Approach <input type="checkbox"/> Income Approach <input checked="" type="checkbox"/> Sales Comparison Approach (Explain and support exclusion of one or more approaches) All three approaches to value have been considered for the subject property, however, the Sales Comparison Approach is the only approach that is felt to be reliable enough to use in this particular market. Rural Investment properties in the market area do not have any viable economic use relative to rental values. As described, while some are used for agricultural grazing the fees generated by such uses do not justify, nor are they relevant to, an economic valuation of properties, and cannot support land values commanded in this investment oriented market. As such, a valuation of the subject property by the Income Approach is not applicable. Since the subject property has only one land class, rangeland and is not improved, the Cost Approach would be a redundancy of the Sales Comparison Approach and thus is not applicable in this appraisal.					



Photo viewing west along the north boundary of subject property.



Photo viewing southwest across the subject.



Photo viewing south across the subject.



Photo of high tensile power line and river corridor.



Photo viewing south across subject property.



Photo viewing south along the east boundary of the property.

Sales Comparison Approach (1-5)

Sale Data	Sale Data	Subject	Sale #1 1	Sale #2 2	Sale #3 3	Sale #4 4	Sale #5 5
	Grantor (Seller)		Stanley Kimm	Scofield Irr. Trust	Scofield Irrevocable Tr.	Elaine Mann	Dykman, et al
	Grantee (Buyer)		Dennis & Irene Rahn	John & Corrine Clark	Huempfer, Michael	Kimpton UL, LLC	Davis Homestead, LLC
	Source		Buyer	Seller	Buyer/Broker	Realtor	FCS/Grantee
	Date	Eff 02/13	02/13	10/12	07/12	10/11	04/10
	Eff Unit Size/Unit	160.00 / Acre	318	316	1,612	160	258
	Sale Price		256,000	292,000	1,015,000	315,000	340,000
	Finance Adjusted		Cash	Cash	Cash 0	Cash	Cash
	CEV Price		256,000	292,000	1,015,000	315,000	340,000
	Multiplier						
	Expense Ratio				19.85		

The Appraiser has cited sales of similar property to the subject and considered these in the market analysis. The description below includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and the sales documented. When significant items are superior to the property appraised, a negative adjustment is applied. If the item is inferior, a positive adjustment is applied. Thus, each sale is adjusted for the measurable dissimilarities and each sale producing a separate value indication. The indications from each sale are then reconciled into one indication of value for this approach.

CEV Price/ Acre		805.03	925.46	629.78	1,968.75	1,319.31
LAND AND IMPROVEMENT ADJUSTMENTS						
Land Adjustment		0.00	0.00	-254.78	0.00	0.00
Impvt. Adjustment		0.00	0.00	0.00	-783.75	0.00
Adjusted Price		805.03	925.46	375.00	1,185.00	1,319.31
TIME ADJUSTMENTS						
<input type="checkbox"/> Yr <input checked="" type="checkbox"/> Mo	Periods	0	0	0	0	0
<input type="checkbox"/> Smpl <input checked="" type="checkbox"/> Cmp	Rate	0.00	0.00	0.00	0.00	0.00
<input type="checkbox"/> Auto <input checked="" type="checkbox"/> Man	Time Adjustment	0.00	0.00	0.00	0.00	0.00
	Time Adj. Price	805.03	925.46	375.00	1,185.00	1,319.31
OTHER ADJUSTMENTS						
Location	Adjustment	Superior -400.00	Superior -400.00	Similar	Superior -600.00	Superior -600.00
Recreational Influ	Adjustment	None	None	None	None	Yes -200.00
Size	Adjustment			Inferior 150.00		
	Adjustment					
	Adjustment					
Net Adjustments		-400	-400	-105	-1,384	-800
ADJUSTED PRICE		405	525	525	585	519

Analysis/Comments: *(Discuss positive and negative aspects of each sale as they affect value)*

Prior to any adjustments the five range from \$629 to \$1,968 per acre. No market adjustment, positive or negative, could be determined from the area market for the time frame of the five sales used in this appraisal. Market data, although more sales are occurring in the area, are still fairly limited. The five sales used are the most current and most comparable to the subject property. Once the land/mix adjustment is made, the five sales range from \$375 to 1,319 per acre. Through the pairing process it was determined that four of the five sales are superior to the subject property for location. They are located in areas that are in higher demand with better access and subdivision influence. The most similar located sale is Sale 3. Thus in pairing Sale 1 and 2 to Sale 3 a negative \$400 per acre adjustment is concluded and applied to Sales 1 and 2 for their superior location. In pairing Sales 4 and 5 with Sale 3 a negative \$600 per acre adjustment is concluded. This pairing indicated a larger adjustment but it is the appraisers opinion that there are other influences affecting these sales and an additional adjustment will be made.

Continue on page 25:

Sales Comparison Approach Summary:

Property Basis (Value Range): \$ _____ to \$ _____
 Unit Basis: \$ 525.00 / Acre X 160.00 Acre = \$ 84,000.00
 Multiplier Basis: \$ _____ X _____ (multiple) = \$ _____

Sales Comparison Indication:

\$ _____ See Page 25

Pairing Adjustment Summary (1-5)

Insert the "Land Adjusted" prices for each sale. At this point in the process, the sales and the subject are equal with regard to land mix or land components. View data for pairings and adjustment conclusions. Vacant and/or improved sales should be considered.

Sale Summary		Sale #1 1	Sale #2 2	Sale #3 3	Sale #4 4	Sale #5 5
	Sale Date	02/13	10/12	07/12	10/11	04/10
	Size	318.00	315.52	1,611.68	162.00	257.71
	Financing	Cash	Cash	Cash	Cash	Cash
	Sale Price \$/ Acre	\$ 805.00	\$ 925.46	\$ 629.78	\$ 1,968.75	\$ 1,319.31
	Land Adjustment	\$ 0.00	\$ 0.00	\$ -254.78	\$ -783.75	\$
	Land Adjusted Price	\$ 805.00	\$ 925.46	\$ 375.00	\$ 1,185.00	\$ 1,319.31

Time	<input type="checkbox"/> Auto Calc Periods	TIME ADJUSTMENTS				
	<input checked="" type="checkbox"/> Manually Calc Periods					
	Eff Appraisal Date	02/13	02/13	02/13	02/13	02/13
	<input type="checkbox"/> Yr. <input checked="" type="checkbox"/> Mo. Periods	0	0	0	0	0
	<input type="checkbox"/> Smpl <input checked="" type="checkbox"/> Cmp Rate	0.0	0.0	0.0	0.0	0.0
	Time Adjustment	0.00	0.00	0.00	0.00	0.00
	Time Adj. Price	805.00	925.46	375.00	1,185.00	1,319.31

The adjustments below are intended to be used in the Sales Comparison Approach only.

Other	Location Adjust.	Compare Sale # 3 with Sale # 1 = \$ -430.00 difference
		Compare Sale # 3 with Sale # 2 = \$ -550.46 difference
		Compare Sale # with Sale # = \$ difference
	Conclude:	
	\$ -400.00	
	Adjustment	\$ -400.00 \$ -400.00 \$ 375.00 \$ 1,185.00 \$ 1,319.31
	Subtotal	\$ 405.00 \$ 525.46 \$ 375.00 \$ 1,185.00 \$ 1,319.31

Other	Location Adjust.	Compare Sale # 3 with Sale # 4 = \$ -810.00 difference
		Compare Sale # 3 with Sale # 5 = \$ -944.31 difference
		Compare Sale # with Sale # = \$ difference
	Conclude:	
	\$ -600.00	
	Adjustment	\$ -600.00 \$ -600.00 \$ 375.00 \$ 585.00 \$ 719.31
	Subtotal	\$ 405.00 \$ 525.46 \$ 375.00 \$ 585.00 \$ 719.31

Other	Rec. Influ Adjust.	Compare Sale # 5 with Sale # 1 = \$ 314.31 difference
		Compare Sale # 5 with Sale # 2 = \$ 193.85 difference
		Compare Sale # 5 with Sale # 3 = \$ 344.31 difference
	Conclude:	
	\$ -200.00	
	Adjustment	\$ -200.00 \$ -200.00 \$ 375.00 \$ 585.00 \$ 519.31
	Subtotal	\$ 405.00 \$ 525.46 \$ 375.00 \$ 585.00 \$ 519.31

Other	Size Adjust.	Compare Sale # 3 with Sale # 4 = \$ -210.00 difference
		Compare Sale # 3 with Sale # 5 = \$ -144.31 difference
		Compare Sale # with Sale # = \$ difference
	Conclude:	
	Adjustment	\$ 150.00 \$ 585.00 \$ 519.31
	Subtotal	\$ 405.00 \$ 525.46 \$ 525.00 \$ 585.00 \$ 519.31

Comments and Conclusions:

Sales Comparison Comments

Sale 5 indicated that there were some recreational influences affecting the sale price of this property. In pairing Sale 5 with Sales 1, 2, and 3 a negative \$200/acre adjustment is concluded and applied to Sale 5. Sale 3 consisted of three non-contiguous tracts of land. Although Sale 3 is the largest sale in the data set, it was analyzed and allocated for the three different tracts that made up this sale. However, in pairing Sale 3 with Sales 4 and 5 a small size adjustment is concluded and applied to Sale 3. A positive \$150/acre adjustment is warranted. Once all the adjustments are made the five sales range from \$405 to \$585/acre. As stated the subject property is being appraised using a Hypothetical Condition that the subject has legal access as well as "as-is"; which is a landlocked parcel with NO legal access.

Under the Hypothetical Condition that the subject property has legal access a final opinion of value of **\$525/acre** is concluded and applied to the subject property.

From our database of paired access sales, which totals 72 pairings, paired sales from Jefferson, Broadwater, Lewis & Clark, and Gallatin County were used to determine an access discount for the subject property to conclude an opinion of value "as-is" of the subject property with no legal access. The pairings from the four counties totalled nineteen pairs that indicated an average discount of 46.4% for properties with no legal access. A discount of 46% is concluded and applied to the subject property for no legal access.

160 Acres x \$525/Ac = \$84,000

Less 46% (\$38,640) = \$45,360

Therefore, the two values for the subject property are as follows. The appraiser was instructed to value the subject property using a Hypothetical Condition that the subject property has legal access and "as-is" as a landlocked tract with no legal access.

Subject with Legal Access: \$84,000

Subject "as-is" NO legal access: \$45,000

Sale 1: \$805 per acre unadjusted and \$405 per acre adjusted for superior location. Sale 1 is set to close February 22, 2013. Sale 1 consists of 318 acres of rangeland surrounded on three sides by platted subdivisions. Sale 1 is located one mile north of Wheat Montana and five miles west of the subject property. Sale 1 is accessed by a county paved road along the south boundary. The south half of the property is level and as the property proceeds north becomes more rolling terrain. Does have a seasonal drainage crossing the northern portion but has been dry for several years. The property was listed for twice what the sale price is and according to the buyer, the seller had an offer of \$1,500/acre but refused to sale because the offer was from a local developer and he (seller) didn't want to see the tract divided. Although this sale is used in the dataset it has yet to close but was used because it is the most recent sale found in the market and the rangeland quality is similar to the subject's although Sale 1 is superior for location.

Sale 2: \$925 per acre unadjusted and \$525 per acre adjusted for superior location. Sale 2 sold in October 2012 and consists of 316 acres. Sale 2 is located one mile north of Wheat Montana and four miles west of the subject property. Sale 2 is accessed off of Old Town Road, a paved county road, and is bordered along the west boundary by Highway 287. Buyer purchased property as an investment and intends to run some cows on it. The seasonal ditch has not had water in it for several years, but the property does have some water rights with it that sold with the property. There is a electrical transfer station located at the northwest corner that is not part of the property. Overall, this property is a good indicator of value once it is adjusted for the superior location.

Continue Next Page

Sales Comparison Comments

Sale 3: \$629 per acre unadjusted and \$525 per acre adjusted for land/building mix and inferior size. Sale 3 sold in July 2012 and consists of three non-contiguous tracts of land totalling 1,612 deeded acres. All three parcels are within five miles of the subject property. Although Sale 3 is the largest sale in the dataset it is the best indicator of value for the subject property. Located in Broadwater and Gallatin Counties with most of the land being in Broadwater County. Access is the Old Town and Eustis Roads, county roads. Section 18 in Broadwater and some of the Gallatin Co. land was reported to not have legal access but buyer stated that an access easement did run with Section 18 so he felt he had legal access. The buyer allocated \$300 per acre for Section 18, \$375 per acre for all other rangeland and around \$1,500 for the river bottomlands. He stated that there is a small amount of land in the river piece on the east side of the river that might have a build site but the remainder is in the flood plain so essentially an open space flood plain type of allocation. The sale is closing in 2 transactions. The first transaction is the portion of the land totalling 1,550.68 acres that they had good legal descriptions on. This sold for \$900,000. The next closing is for \$115,000 that was a piece of river ground that was thought to be 60 acres that had to be surveyed. This land surveyed out at around 121 acres but a lot of it was in the river and an island was reportedly involved. The price was based on 60 acres to that is the acreage that was used in this write up. River, springs, stock dams and wells provide stock water. The vegetation is native range grass with cottonwoods and riparian species along the river. Buyer was a neighboring land owner but the property was listed with Vellinga Real Estate. A portion of the river piece has an old railroad right-of-way going through it that was owned by buyer so it severed a portion of the property from the western lands.

Sale 4: \$1,968 per acre unadjusted and \$585 per acre adjusted for land/building mix and superior location. Sale 4 sold in October 2011 and consists of 160 acres. Sale 4 is located fifteen miles north of Wheat Montana and thirteen miles northwest of the subject property. Well for the pivot had minerals at the bottom so quit. The well was a deep well too. It is now used for stock water. They took the pivot off and sold it separately. \$10,000 worth of machinery included in overall sale which was \$325,000, removed from price above. Apartment and shed were newer. Not very desirable buildings in the market according to the broker. Buyer purchased to make a feedlot on the property. Buildings not your typical looking buildings. Property is access by a county gravel road and overall is highly superior to the subject unit and sets the high end of the bracketed range.

Sale 5: \$1,319 per acre unadjusted and \$519 per acre adjusted for superior location and recreational influences. Sale 5 sold in April 2010 and consists of 258 deeded acres. Sale 5 is located five miles northeast of Toston and twenty miles north of the subject property. Listed for 3.5 years. Unimproved tract sale. Surrounded by privately held lands. USFS 1 mile to east. Adjoining lands are comprised of mid to large size tracts. The area is comprised of larger traditional livestock/farming operations, with a mix of recreational and/or part-time farm properties. The property is beyond the areas of significant rural residential pressures associated with areas closer to Gallatin County and near Canyon Ferry Res. Located near the base of the Belt Mountains, considering the size the topography of this unit is relatively diverse. Dry Creek, a small perennial creek, flows through the northern tip of the property providing a source of water to livestock and area wildlife and livestock alike. This area is characterized by nearly level to gently rolling terrain. Typical for the areas small creek systems, willow cover ample along banks of Dry Creek gives way to sagebrush and juniper cover as you move away from the creek. There are various smaller draws/coulees running from south to north converging with a more prominent draw along the northeastern boundaries. There is ample tree and brush cover located within these draws and coulees. The southern portion is open rolling grassland meadows with excellent views of mountains. Overall, once the adjustments are made, this property is similar to the subject property and gives good support for the concluded opinion of value.

Reconciliation and Opinion of Value

Summary

Cost Approach	\$	
Income Approach	\$	
Sales Comparison Approach	\$	See Page 25

Discussion & Correlation of Values

Analysis of Each Approach and Opinion of Value: The COST APPROACH is most applicable when appraised property's improvements are new and represent the highest and best use of the land. Additionally, the Cost Approach is useful when there is a good bank of open land sales that are dependable and reliable and when the costing information is from excellent sources. Since the subject property is unimproved and consists of only one land class, rangeland, the Cost Approach would be redundancy of the Sales Comparison Approach and thus no applicable to this appraisal.

The SALES COMPARISON APPROACH is based on a direct comparison of similar properties which have sold in the subject area or a competing area. Given the nature of the market similar properties for direct pairings were not available for adjustments for all factors of value but there was the ability to identify market supported adjustments for the components or factors affecting value as identified. The Sales Comparison Approach was utilized in this report and is felt to be a reliable approach to value given that it is relied upon heavily by buyers and sellers and the nature of the quantity and quality of data available.

The INCOME APPROACH is based on the stabilized net income potential of the land and market indicated capitalization rates representing buyers' expected returns on similar properties. Properties in the area have minimal economic use relative to rental values and rents cannot support value trends in this market which has transitioned from agricultural uses to a higher use of rural recreational investment. While some are used for agricultural grazing and fee hunting, the fees generated by such uses do not justify, nor are they relevant to, an economic valuation of the properties. As such, a valuation of properties such as the subject utilizing the Income Approach is not appropriate. Therefore, the Income Approach is not applicable.

The appraiser employed one of the three traditional methods of estimating the market value of the subject property. The sales used are sales that possess features and characteristics generally similar to those of the appraised property. This sales data was used within the sales comparison to value and reflect a relatively narrow range that lends a high degree of confidence to the final appraised value. In the final analysis, the sales comparison more representative of the area market. The concluded value considers the fee simple ownership rights of the real property described herein and is in terms of cash including land and buildings.

Allocation of Value

Opinion Of Value -	(Estimated Marketing Time	12-18	months, see attached)	\$	See Page 25
Cost of Repairs	\$				
Cost of Additions	\$				
Allocation:	(Total Deeded Units: 160.00)	Land:	\$	0	/ (0 %)
		Land Improvements:	\$	0	/ (0 %)
		Structural Improvement Contribution:	\$	0	/ (0 %)
Value Estimate of Non-Realty Items:					
	Value of Personal Property (local market basis)	\$			
	Value of Other Non-Realty Interests:	\$			
	Non-Realty Items:	\$	0	/	(0 %)
	Leased Fee Value (Remaining Term of Encumbrance)	\$	0	/	(0 %)
	Leasehold Value	\$	0	/	(0 %)
	Overall Value	\$	0	/	(100 %)

Assumptions and Limiting Conditions

The certification of the Appraiser(s) appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. The Appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser(s) render any opinion as to title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in the report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property. Drawings and/or plats are not represented as an engineer's work product, nor are they provided for legal reference.
3. The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this appraisal and are invalid if so used.
5. The Appraiser(s) have, in the process of exercising due diligence, requested, reviewed, and considered information provided by the ownership of the property and client, and the Appraiser(s) have relied on such information and assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, for engineering which might be required to discover such factors, or the cost of discovery or correction.
6. While the Appraiser(s) ☒ have ☐ have not inspected the subject property and ☒ have ☐ have not considered the information developed in the course of such inspection, together with the information provided by the ownership and client, the Appraiser(s) are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated.
7. Information, estimates, and opinions furnished to the Appraiser(s), and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser(s) can be assumed by the Appraiser(s).
8. Unless specifically cited, no value has been allocated to mineral rights or deposits.
9. Water requirements and information provided has been relied on and, unless otherwise stated, it is assumed that:
 - a. All water rights to the property have been secured or perfected, that there are no adverse easements or encumbrances, and the property complies with Bureau of Reclamation or other state and federal agencies;
 - b. Irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures;
 - c. Any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured with the title to real estate; and
 - d. Title to all such property conveys with the land.
10. Disclosure of the contents of this report is governed by applicable law and/or by the Bylaws and Regulations of the professional appraisal organization(s) with which the Appraiser(s) are affiliated.
11. Neither all nor any part of the report, or copy thereof, shall be used for any purposes by anyone but the client specified in the report without the written consent of the Appraiser.
12. Where the appraisal conclusions are subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner consistent with the plans, specifications and/or scope of work relied upon in the appraisal.
13. Acreage of land types and measurements of improvements are based on physical inspection of the subject property unless otherwise noted in this appraisal report.
14. EXCLUSIONS. The Appraiser(s) considered and used the three independent approaches to value (cost, income, and sales comparison) where applicable in valuing the resources of the subject property for determining a final value conclusion. Explanation for the exclusion of any of the three independent approaches to value in determining a final value conclusion has been disclosed in this report.
15. SCOPE OF WORK RULE. The scope of work was developed based on information from the client. This appraisal and report was prepared for the client, at their sole discretion, within the framework of the intended use. The use of the appraisal and report for any other purpose, or use by any party not identified as an intended user, is beyond the scope of work contemplated in the appraisal, and does not create an obligation for the Appraiser.
16. Acceptance of the report by the client constitutes acceptance of all assumptions and limiting conditions contained in the report.
17. Other Contingent and Limiting Conditions:

Appraisers Certification

We certify that, to the best of our knowledge and belief:

1. the statements of fact contained in this report are true and correct.
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analysis, opinions, and conclusions.
3. we have ☒ no ☐ the specified present or prospective interest in the property that is the subject of this report and we have ☒ no ☐ the specified personal interest with respect to the parties involved.
4. we have performed ☒ no ☐ the specified services, as an appraiser 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.
5. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. we ☒ have ☐ have not made a personal inspection of the property that is the subject of this report.
10. ☒ no one ☐ the specified persons provided significant real property appraisal assistance to the persons signing this certification.

Effective Date of Appraisal: 02/13/13

Opinion of Value: \$ See Page 25

Appraiser:

Signature: 

Property Inspection: ☒ Yes ☐ No
Inspection Date: 02/13/13

Name: Katie Rickett, ARA
License #:
Certification #: REA-RAG-LIC-650
ASFMRA # 1664

Appraiser has ☒ inspected ☒ verified ☒ analyzed
the sales contained herein.

Date Signed: February 14, 2013

Appraiser:

Signature: 

Property Inspection: ☒ Yes ☐ No
Inspection Date:

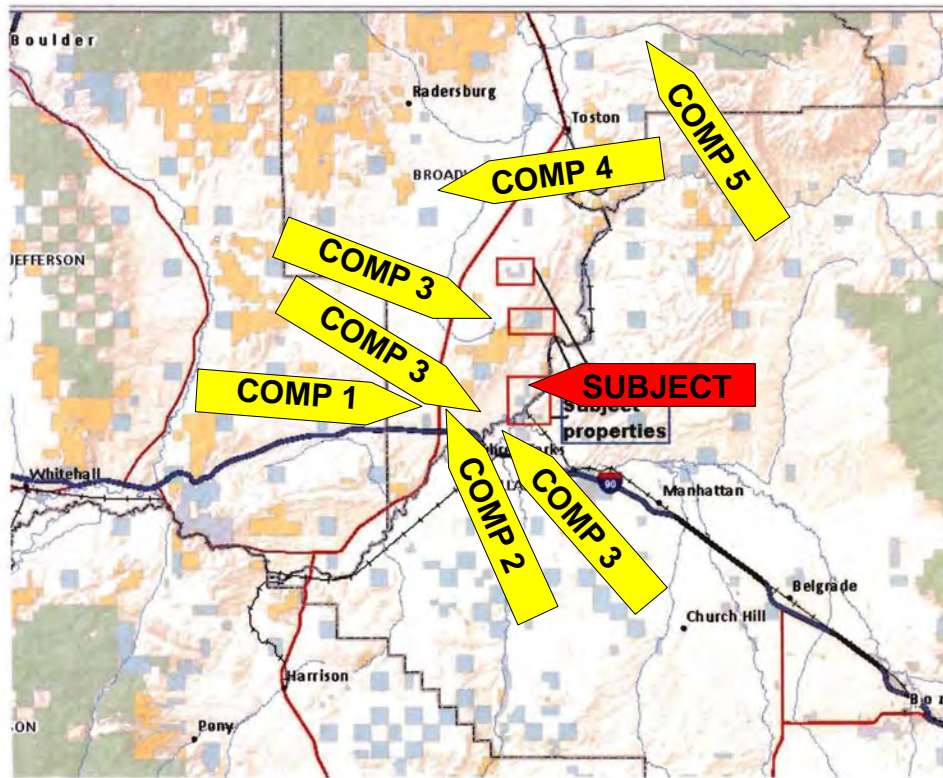
Name:
License #:
Certification #: REA-RAG-LIC-174
WY Cert.Gen. # 424

Appraiser has ☒ inspected ☒ verified ☒ analyzed
the sales contained herein.

Date Signed: February 14, 2013

Map Addendum

Location Map of Parcel



Index #	Database #	82	Sale #	1	Unimproved Sale
Grantor	Stanley Kimm	Sales Price	256,000	Property Type	Agriculture
Grantee	Dennis & Irene Rahn	Other Contrib.		Primary Land Use	Grazing
Deeded Acres	318.00	Net Sale Price	256,000	Document #	
Sale Date/DOM	02/22/13 /	\$/Deeded Acre	805.03	MLS #	
Prior Sale Date		Financing	Cash	Surface Water	None
Prior CEV Price		% Fin. Adj.		Irrg. Water	None
Analysis Code		CEV Price	256,000	Terrain	Level to rolling
Source	Buyer	SCA Unit Type	Acres	Influences	
Motivation	Open Market	Eff. Unit Size	318.00	Public Land Boundary	
Highest & Best Use	Development	SCA \$/Unit	805.03	Amenities	
Address		Multiplier Unit		Ac/AUM	
City	Three Forks	Multiplier No.		Pasture Quality	Avg
County	Broadwater	Legal Access	Yes-paved cnty	Cropland Quality	
State/Zip	MT /	Physical Access	Yes		
Region/Area/Zone	/ /	View	Average	Tax ID/Recording	J240027
Location	3 NW Three Forks	Utilities	Yes	Sec/Twp/Rge	9 / 2N / 1E
Legal Description:	T2N, R1E, Section 9: W2				

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Irrg Land	%	Ac.			X \$	= \$	
Dry Cropland	%	Ac.			X \$	= \$	
Hayland	%	Ac.			X \$	= \$	
Tame Pasture	%	Ac.			X \$	= \$	
Rangeland	%	318.00 Ac.	805.03		X \$	= \$	256,000
Farmstead	%	Ac.			X \$	= \$	
Roads/Waste	%	Ac.			X \$	= \$	
Other	%	Ac.			X \$	= \$	
Leases	%	Ac.			X \$	= \$	
Recreational	%	Ac.			X \$	= \$	
Totals		318.00 Ac.	805.03		X \$	= \$	256,000
CEV Price \$	256,000	- Land Contribution \$	256,000	= Improvement Contribution \$			

Income Analysis

Income Estimate Basis:		<input type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator	
Income Source	Units	Unit Measure	Stabilized Yield	Total Production	Cash/Share/Owner Income
<input type="checkbox"/> Actual <input type="checkbox"/> Estimated				Stabilized \$/Unit	Share %
Rangeland	318.00	Acres	0.40	20.00	2,544
Improvements <input type="checkbox"/>	Improvements Included in Land Rent		/mo	/yr	
Stabilized Gross Income = \$					2,544
Expense Items:		Expenses (cont.):		Expenses (cont.):	
Real Estate Tax \$		\$		\$	
Insurance \$		\$		\$	
Maintenance \$		\$		\$	
Management \$		\$		\$	
Total Expenses	/ Stabilized G.I.	2,544	= Expense Ratio	%	Total Expenses = \$
Net Income	2,544 / CEV Price	256,000	= Cap Rate	0.99 %	Net Income = \$

Index #	Database #	82								Sale #	1
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ % Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %											
Comments	Property is surrounding by subdivision on three sides with a half section of State land across the road. Property bought by a local operator who is good friends with seller. Seller had an offer of \$1,500 per acre and refused because it was a developer. South side of unit is level with the northern portion becoming more rolling with seasonal drainage crossing the unit and hills. Buyer plans on farming the parcel.										

Index #

Database # 82

Sale # 1

RIGHT Photo viewing north towards the north boundary of the unit.



LEFT Photo viewing west across the northern portion of the sale property.



RIGHT Photo viewing southwest across unit from the northern portion.

Index #	Database #	204	Sale #	2	Unimproved Sale
Grantor	Scofield Irr. Trust	Sales Price	292,000	Property Type	Rural Investment
Grantee	John & Corrine Clark	Other Contrib.		Primary Land Use	Grazing
Deeded Acres	315.52	Net Sale Price	292,000	Document #	168048
Sale Date/DOM	10/12/12 /	\$/Deeded Acre	925.46	MLS #	
Prior Sale Date		Financing	Cash	Surface Water	Seasonal
Prior CEV Price		% Fin. Adj.		Irrg. Water	None
Analysis Code		CEV Price	292,000	Terrain	Level
Source	Seller	SCA Unit Type	Acres	Influences	
Motivation	Open Market	Eff. Unit Size	315.52	Public Land Boundary	
Highest & Best Use	Rural Investment	SCA \$/Unit	925.46	Amenities	
Address	Old Town Rd	Multiplier Unit		Ac/AUM	
City	Three Forks	Multiplier No.		Pasture Quality	Average
County	Broadwater	Legal Access	Yes	Cropland Quality	
State/Zip	MT /	Physical Access	Yes		
Region/Area/Zone	/ /	View	Average	Tax ID/Recording	2413016
Location	3 N of Three Forks	Utilities	Yes	Sec/Twp/Rge	10 / 2N / 1E
Legal Description: T2N, R1E, Section 10: Parcel A of COS 2/370 Less Gravel pit.					

Land-Mix Analysis									
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value		
Irrg Land	%	Ac.			X \$	= \$			
Dry Cropland	%	Ac.			X \$	= \$			
Hayland	%	Ac.			X \$	= \$			
Tame Pasture	%	Ac.			X \$	= \$			
Rangeland	%	315.52	Ac. 925.46		X \$	= \$	292,001		
Farmstead	%	Ac.			X \$	= \$			
Roads/Waste	%	Ac.			X \$	= \$			
Other	%	Ac.			X \$	= \$			
Leases	%	Ac.			X \$	= \$			
Recreational	%	Ac.			X \$	= \$			
Totals		315.52	Ac. 925.46		X \$	= \$	292,001		
CEV Price \$	292,000	- Land Contribution \$	292,001	= Improvement Contribution \$	-1				

Income Analysis									
Income Analysis	Income Estimate Basis:		<input type="checkbox"/>	Cash	<input type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
	Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
	<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
	Rangeland		315.52	Acres	0.20	20.00	1,262	100	1,262
Improvements		<input type="checkbox"/>	Improvements Included in Land Rent				/mo	/yr	
Stabilized Gross Income = \$								1,262	
Expense Items:		Expenses (cont.):				Expenses (cont.):			
Real Estate Tax	\$			\$			\$		
Insurance	\$			\$			\$		
Maintenance	\$			\$			\$		
Management	\$			\$			\$		
Total Expenses		/ Stabilized G.I.	1,262	= Expense Ratio		%	Total Expenses = \$		
Net Income	1,262	/ CEV Price	292,000	= Cap Rate	0.43	%	Net Income = \$	1,262	

Index #		Database #		204		Sale #		2			
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____% Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%											
Comments	Property is triangular in shape and located between Hwy 289 and Old Town Road. Buyer purchased property as an investment and intends to run some cows on it. The seasonal ditch has not had water in it for several years, but the property does have some water rights with it that sold with the property. There is a electrical transfer station located at the northwest corner that is not part of the property.										

Index #

Database #

204

Sale #

2



ABOVE: Photo viewing south across the property.

BELOW: Photo viewing south across the sale property.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #	607	Sale #	3	Unimproved Sale
Grantor	Scofield Irrevocable Tr.	Sales Price	1,015,000	Property Type	Agricultural/Recreation
Grantee	Huempfer, Michael	Other Contrib.	None	Primary Land Use	Grain/Cattle
Deeded Acres	1,611.68	Net Sale Price	1,015,000	Document #	167527 (B) 2420731(G)
Sale Date/DOM	07/16/12 /	\$/Deeded Acre	629.78	MLS #	185278
Prior Sale Date		Financing	Cash	Surface Water	Jefferson River
Prior CEV Price		% Fin. Adj.	0	Irrg. Water	Subby
Analysis Code	KCC	CEV Price	1,015,000	Terrain	Nearly leve to steep
Source	Buyer/Broker	SCA Unit Type		Influences	River'
Motivation	Market	Eff. Unit Size	1,611.68	Public Land Boundary	BLM
Highest & Best Use	Agricultural	SCA \$/Unit	629.78	Amenities	River/Views
Address	Old Town Road	Multiplier Unit		Ac/AUM	
City	Three Forks, MT	Multiplier No.		Pasture Quality	Ave
County	Broadwater	Legal Access	Yes per buyer	Cropland Quality	Ave
State/Zip	MT / 59752	Physical Access	Cty roads & easemetn		
Region/Area/Zone	SW / TF / None	View	Mountains, Valley	Tax ID/Recording	WD
Location	3 mi N Three Forks	Utilities	To land along road	Sec/Twp/Rge	18 / T2N / R2E
Legal Description: T2N, R2E: Section 18: Tract 1 202.04 acres, Sec. 17: Tract 1 148.64 acres, T3N,R2E: Section 18 All, T2N, R1E: Section 11: E 1/2, Section 12: W1/2 north of county road.					

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Irrg Land	0 %	Ac.	1,489.00		X \$	= \$	
Dry Cropland	0 %	Ac.	440.00		X \$	= \$	
Hayland	0 %	Ac.	385.00		X \$	= \$	
Tame Pasture	0 %	Ac.	385.00		X \$	= \$	
Rangeland	0 %	574.00	Ac. 375.00		X \$	= \$	215,250
Farmstead	0 %	Ac.	1,489.00		X \$	= \$	
Roads/Waste	0 %	Ac.			X \$	= \$	
Other - remote	0 %	627.00	Ac. 300.00		X \$	= \$	188,100
Leases	0 %	Ac.			X \$	= \$	
Recreational	100 %	410.68	Ac. 1,489.36		X \$	= \$	611,650
Totals		1,611.68	Ac. 629.78		X \$	= \$	1,015,000
CEV Price \$	1,015,000	- Land Contribution \$	1,015,000	= Improvement Contribution \$			

Income Analysis

Income Analysis

Income Estimate Basis:		<input type="checkbox"/>	Cash	<input checked="" type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
Rangeland		1,201.00	AUM	0.28	22.00	7,398	100	7,398
Irr. Pasture		410.68	AUM	1.50	22.00	13,552	100	13,552
Improvements <input type="checkbox"/>		Improvements Included in Land Rent				/mo	/yr	
Stabilized Gross Income = \$								20,950
Expense Items:		Expenses (cont.):			Expenses (cont.):			
Real Estate Tax	\$ 1,208		\$		\$			
Insurance	\$ 403		\$		\$			
Maintenance	\$ 1,500		\$		\$			
Management	\$ 1,048		\$		\$			
Total Expenses	4,159	/ Stabilized G.I.	20,950	= Expense Ratio	19.85	%	Total Expenses = \$	4,159
Net Income	16,791	/ CEV Price	1,015,000	= Cap Rate	1.65	%	Net Income = \$	16,791

Index #	Database #	607		Sale #	3						
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
	Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____% Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%										
Comments	<p>Located in Broadwater and Gallatin Counties with most of the land being in Broadwater County. Access is the Old Town and Eustis Roads, county roads. Section 18 in Broadwater and some of the Gallatin Co. land was reported to not have legal access but buyer stated that an access easement did run with Section 18 so he felt he had legal access. The buyer allocated \$300 per acre for Section 18, \$375 per acre for all other rangeland and around \$1,500 for the river bottomlands. He stated that there is a small amount of land in the river piece on the east side of the river that might have a build site but the remainder is in the flood plain so essentially an open space flood plain type of allocation. The sale is closing in 2 transactions. The first transaction is the portion of the land totalling 1,550.68 acres that they had good legal descriptions on. This sold for \$900,000. The next closing is for \$115,000 that was a piece of river ground that was thought to be 60 acres that had to be surveyed. This land surveyed out at around 121 acres but a lot of it was in the river and an island was reportedly involved. The price was based on 60 acres to that is the acreage that was used in this write up. River, springs, stock dams and wells provide stock water. The vegetation is native range grass with cottonwoods and riparian species along the river. Buyer was a neighboring land owner but the property was listed with Vellinga Real Estate. A portion of the river piece has an old railroad right-of-way going through it that was owned by Huempfer so it severed a portion of the property from the western lands.</p>										

Index #

Database # 607

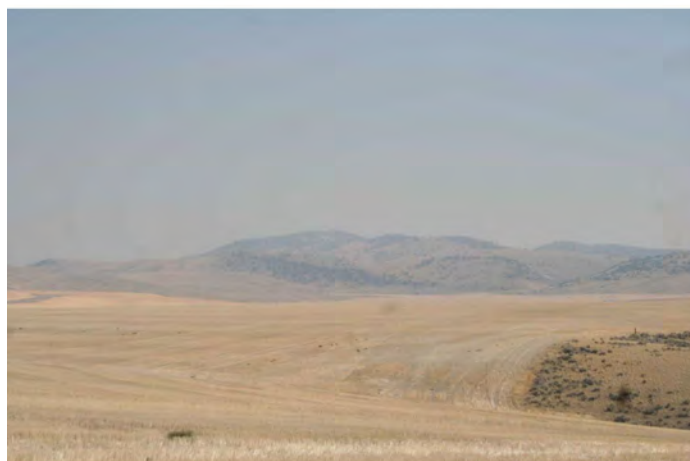
Sale # 3

Subject Photos.

RIGHT Native rangeland of off Eustis Road.



LEFT Access restricted parcel on timbered side of far mountain beyond dry cropland.



RIGHT Jefferson River on river bottom parcel.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #	697	Sale #	4	Improved Sale
Grantor	Elaine Mann	Sales Price	315,000	Property Type	Agriculture
Grantee	Kimpton UL, LLC	Other Contrib.		Primary Land Use	Grazing
Deeded Acres	162.00	Net Sale Price	315,000	Document #	166298
Sale Date/DOM	10/10/11 /	\$/Deeded Acre	1,944.44	MLS #	
Prior Sale Date		Financing	Cash	Surface Water	None
Prior CEV Price		% Fin. Adj.		Irrg. Water	see remarks
Analysis Code		CEV Price	315,000	Terrain	Level
Source	Realtor	SCA Unit Type	Acres	Influences	
Motivation	Open Market	Eff. Unit Size	160.00	Public Land Boundary	None
Highest & Best Use	Agriculture	SCA \$/Unit	1,968.75	Amenities	
Address	290 Kimpton Upper Ln	Multiplier Unit		Ac/AUM	
City	Toston	Multiplier No.		Pasture Quality	Avg
County	Broadwater	Legal Access	Cnty Gravel	Cropland Quality	N/A
State/Zip	MT /	Physical Access	Yes		
Region/Area/Zone	SW / Tw / None	View	Avg	Tax ID/Recording	0001300087
Location	W of Toston	Utilities	Yes	Sec/Twp/Rge	4 / 4N / 1E
Legal Description: Township 4 North, Range 1 East, Sec. 4: NE					

Land-Mix Analysis								
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value	
Irrg Land	100 %	Ac.	2,633.00		X \$	= \$		
Dry Cropland	80 %	Ac.	2,106.00		X \$	= \$		
Hayland	70 %	Ac.	1,843.00		X \$	= \$		
Tame Pasture	50 %	Ac.	1,316.50		X \$	= \$		
Rangeland	45 %	160.00	Ac. 1,185.00		X \$	= \$	189,600	
Farmstead	100 %	Ac.	1,185.00		X \$	= \$		
Roads/Waste	%	Ac.			X \$	= \$		
Other	%	Ac.			X \$	= \$		
Leases	%	Ac.			X \$	= \$		
Recreational	%	Ac.	1,185.00		X \$	= \$		
Totals		160.00	Ac. 1,185.00		X \$	= \$	189,600	
CEV Price \$	315,000	- Land Contribution \$	189,600	= Improvement Contribution \$			125,400	

Income Analysis									
Income Analysis	Income Estimate Basis:		<input type="checkbox"/>	Cash	<input type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
	Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
	<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
	Rangeland		161.00	Acres	0.29	20.00	934	100	934
Improvements		<input type="checkbox"/>	Improvements Included in Land Rent				/mo	/yr	
Stabilized Gross Income = \$								934	
Expense Items:		Expenses (cont.):				Expenses (cont.):			
Real Estate Tax	\$			\$			\$		
Insurance	\$			\$			\$		
Maintenance	\$			\$			\$		
Management	\$			\$			\$		
Total Expenses		/ Stabilized G.I.	934	= Expense Ratio		%	Total Expenses = \$		
Net Income	934	/ CEV Price	315,000	= Cap Rate	0.30	%	Net Income = \$	934	

Index #		Database #				697		Sale #		4	
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type	House	Shop	Lean To	Grain Bin						
	Size	1,205	2,800	560	5,000						
	Unit	sf	sf	sf	BU						
	Utility	A	A	A	A						
	Condition	A	A	A	A						
	Age	9	8	8	12						
	Remaining Life	51	32	32	28						
	RCN/Unit	85.00	12.50	5.00	2.30						
	RCN	102,425	35,000	2,800	11,500						
	% Physical Depreciation	15	20	20	30						
	RCN Remainder After Phys. Depr.	87,061	28,000	2,240	8,050						
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.	87,061	28,000	2,240	8,050						
	% External Obsolescence										
Total Impt. Contribution	87,061	28,000	2,240	8,050							
Contribution \$/Unit	72.25	10.00	4.00	1.61							
Physical Depreciation <u>17</u> % Functional Obsolescence <u> </u> % External Obsolescence <u> </u> % Total Depreciation <u>17</u> % Total RCN \$ <u>151,725</u> Total Improvement Contribution: \$ <u>125,351</u> Improvement As % of Price <u>40</u> %											
Comments	Well for the pivot had minerals at the bottom so quit. The well was a deep well too. It is now used for stock water. They took the pivot off and sold it separately. \$10,000 worth of machinery included in overall sale which was \$325,000, removed from price above. Apartment and shed were newer. Not very desirable buildings in the market according to the broker. Buyer purchased to make a feedlot on the property. Buildings not your typical looking buildings.										

Index # _____

Database # _____ 697

Sale # _____ 4

Sale Photos



ABOVE: Buildings

BELOW: Looking southwest at pasture.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Sale Analysis	Index #		Database #		952		Sale #		5	
	Grantor	Dykman, et al	Sales Price	340,000	Property Type	Rural Rec./Res				
	Grantee	Davis Homestead, LLC	Other Contrib.		Primary Land Use	Pasture				
	Deeded Acres	257.71	Net Sale Price	340,000	Document #	163100				
	Sale Date/DOM	04/15/10 / 1,277	\$/Deeded Acre	1,319.31	MLS #					
	Prior Sale Date		Financing	Cash	Irrg. Water					
	Prior CEV Price		% Fin. Adj.		Surface Water	Dry Creek				
	Analysis Code	KCC	CEV Price	340,000	Influences	Creek				
	Source	FCS/Grantee	SCA Unit Type	Acre	Public Land Boundary	1 Mile East				
	Motivation	Open Market	Eff. Unit Size	257.71	Terrain	Level to rolling				
	Highest & Best Use	Rural Recreational	SCA \$/Unit	1,319.31	Tons/Ac					
	Address	Townsend	Multiplier Unit		Amenities	Wildlife				
	City	Townsend	Multiplier No.		Pasture Quality	Avg				
	County	Broadwater	Legal Access	Y	Cropland Quality	N/A				
	State/Zip	MT /	Physical Access	County Gravel						
	Region/Area/Zone	sw / t / no	View	Yes mtns	Tax ID/Recording					
	Location	10 SE Townsend	Utilities	Yes along road	Sec/Twp/Rge	20 / T6N / R3E				
	Legal Description:	T6N, R3E, Section 28: NWNW, S2NW, SWSWNE, N2NWNWSE, W2SW, W2W2E2SW; Tract A of COS Book 2 page 311								

Land-Mix Analysis									
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value		
Irrg Land	%	Ac.			X \$	= \$			
Dry Cropland	%	Ac.			X \$	= \$			
Hayland	%	Ac.			X \$	= \$			
Tame Pasture	%	Ac.			X \$	= \$			
Rangeland	%	257.71	Ac. 1,319.31		X \$	= \$	339,999		
Farmstead	%	Ac.			X \$	= \$			
Roads/Waste	%	Ac.			X \$	= \$			
Other	%	Ac.			X \$	= \$			
Leases	%	Ac.			X \$	= \$			
Recreational	%	Ac.			X \$	= \$			
Totals		257.71	Ac. 1,319.31		X \$	= \$	339,999		
CEV Price \$	340,000	- Land Contribution \$	339,999	= Improvement Contribution \$	1				

Income Analysis									
Income Analysis	Income Estimate Basis:		<input type="checkbox"/>	Cash	<input checked="" type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
	Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
	<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
	Rangeland		257.71	Acres	0.30	14.00	1,082	100	1,082
Improvements		<input type="checkbox"/>	Improvements Included in Land Rent				/mo	/yr	
Stabilized Gross Income = \$								1,082	
Expense Items:		Expenses (cont.):				Expenses (cont.):			
Real Estate Tax	\$			\$		\$			
Insurance	\$			\$		\$			
Maintenance	\$			\$		\$			
Management	\$			\$		\$			
Total Expenses		/ Stabilized G.I.	1,082	= Expense Ratio		%	Total Expenses = \$		
Net Income	1,082	/ CEV Price	340,000	= Cap Rate	0.32	%	Net Income = \$	1,082	

Index #	Database #	952									Sale #	5
Improvement Analysis												
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10	
	Type											
	Size											
	Unit											
	Utility											
	Condition											
	Age											
	Remaining Life											
	RCN/Unit											
	RCN											
	% Physical Depreciation											
	RCN Remainder After Phys. Depr.											
	% Functional Obsolescence											
	RCN Rem. After Phys./Funct. Depr.											
	% External Obsolescence											
	Total Impt. Contribution											
	Contribution \$/Unit											
Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ % Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %												
Comments	<p>Listed for 3.5 years. Unimproved tract sale. Surrounded by privately held lands. USFS 1 mile to east. Adjoining lands are comprised of mid to large size tracts. The area is comprised of larger traditional livestock/farming operations, with a mix of recreational and/or part-time farm properties. The property is beyond the areas of significant rural residential pressures associated with areas closer to Gallatin County and near Canyon Ferry Res. Located near the base of the Belt Mountains, considering the size the topography of this unit is relatively diverse. Dry Creek, a small perennial creek, flows through the northern tip of the property providing a source of water to livestock and area wildlife and livestock alike. This area is characterized by nearly level to gently rolling terrain. Typical for the areas small creek systems, willow cover ample along banks of Dry Creek gives way to sagebrush and juniper cover as you move away from the creek. There are various smaller draws/coulees running from south to north converging with a more prominent draw along the northeastern boundaries. There is ample tree and brush cover located within these draws and coulees. The southern portion is open rolling grassland meadows with excellent views of mountains.</p>											

Index # _____

Database # _____ 952 _____

Sale # _____ 5 _____

Sale Photos



ABOVE: Treed area.

BELOW: Looking at native range.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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ADDENDA

Exhibit 1 - Engagement Letter and Scope of Work

Exhibit 2 - Warranty Deed & Cadastral Sheets

Exhibit 3 - Access Pairings

Exhibit 4 - Water Right, FEMA Map & Soil Maps

Exhibit 5 - Qualifications of Appraisers

EXHIBIT 1

FOR DNRC USE ONLY

Maximum amount under this agreement: \$4,500

Source of Funds
Land Banking Private Closing Costs

Fund Name
Land Banking Private Closing Costs

Fund No.
02031

Subclass
555HA

Org. No.
6043-59

Percent
100%

Approved

No. 137320
Amendment No. _____
Division J.G.
F.S.O. JW
Legal THB



DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
TRUST LAND MANAGEMENT DIVISION

APPRAISAL OF POTENTIAL LAND BANKING SALE PARCELS IN BROADWATER COUNTY

1. **PARTIES**

THIS CONTRACT is entered into by and 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, Helena, MT 59620-1601, (406) 444-4165 and Kim C. Colvin, Terra Western Associates, (hereinafter referred to as the "Contractor"), whose address and phone number are P.O. Box 11950, Bozeman, Montana, 59719 and (406) 522-9844, cell (406) 539-4924 and kim@terrawestern.com.

THE PARTIES AGREE AS FOLLOWS:

2. **EFFECTIVE DATE, DURATION, AND RENEWAL**

2.1 Contract Term. This contract shall take effect upon contract execution and terminate on April 1, 2013, unless terminated earlier in accordance with the terms of this contract. (Section 18-4-313, MCA) **The appraisal report is to be completed and forwarded to Montana DNRC, Emily Cooper, and P.O. Box 201601, Helena, MT 59620-1601 by February 28, 2013.**

2.2 Contract Renewal. This contract may, upon mutual agreement between the parties and according to the terms of the existing contract, be renewed in any interval that is advantageous to the State. This contract, including any renewals, may not exceed a total of one year.

3. SERVICES AND/OR SUPPLIES

Contractor agrees to provide to the State the following: The Contractor shall be responsible for providing a credible appraisal, in a summary report format, conducted and prepared in compliance with the current Uniform Standards of Professional Appraisal Practice, for the parcels in Broadwater County, as described in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions.

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 parcel data and the analysis, opinions, and conclusions of value 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.

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

4. CONSIDERATION/PAYMENT

4.1 Payment Schedule. In consideration for the services to be provided, the State shall pay an amount not to exceed Four Thousand Five Hundred and No/100 Dollars (\$4,500.). The Contractor shall submit an invoice with the submission of the appraisal report to the DNRC for payment for services rendered. Payment will be made within thirty (30) days of delivery of services/goods and receipt of a properly executed invoice, as long as the DNRC's review of said services/goods finds them acceptable. If the work submitted fails to meet Contract specifications set out herein, payment will be withheld for the unsatisfactory work. The Contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made. If agreed upon work is not brought to acceptable standards, the Contract Agreement will be terminated for unsatisfactory performance and no payment will be made.

4.2 Withholding of Payment. The State may withhold payments to the Contractor if the Contractor has not performed in accordance with this contract. Such withholding cannot be greater than the additional costs to the State caused by the lack of performance.

5. ACCESS AND RETENTION OF RECORDS

5.1 Access to Records. The Contractor agrees to provide the State, Legislative Auditor or their authorized agents access to any records necessary to determine contract compliance. (Section 18-1-118, MCA)

5.2 Retention Period. The Contractor agrees to create and retain records supporting the a summary appraisal report provided for a period of three years after either the completion date of this contract or the conclusion of any claim, litigation, or exception relating to this contract taken by the State of Montana or a third party.

6. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

The Contractor shall not assign, transfer, or subcontract any portion of this contract without the express written consent of the State. (Section 18-4-141, MCA) The Contractor shall be 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 the Contractor. No contractual relationships exist between any subcontractor and the State.

7. HOLD HARMLESS/INDEMNIFICATION

The Contractor agrees to protect, defend, and save the 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 the 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 the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under this agreement.

8. REQUIRED INSURANCE

8.1 Primary Insurance. The 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 excess of the Contractor's insurance and shall not contribute with it.

8.2 Specific Requirements for Professional Liability. The Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of \$300,000 per occurrence and \$600,000 aggregate per year to cover such claims as may be caused by any act, omission, negligence of the Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: if "occurrence" coverage is unavailable or cost prohibitive, the Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of the 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.

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

8.4 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 Department of Natural Resources and Conservation PO Box 201601, Helena, MT 59620-1601. The Contractor must notify the State immediately, of any material change in insurance coverage, such as changes in limits, coverage's, change in status of policy, etc. The State reserves the right to require complete copies of insurance policies at all times.

9. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with sections 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 the contractor nor its employees are employees of the State. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135, upon expiration.

10. COMPLIANCE WITH LAWS

The Contractor must, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, the Contractor agrees that the hiring of persons to perform the 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 by the persons performing the contract.

11. CONTRACT TERMINATION

11.1 Termination for Cause. The State may, by written notice to the Contractor, terminate this contract in whole or in part at any time the Contractor fails to perform this contract.

11.2 Reduction of Funding. The State must 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. (See section 18-4-313(4), MCA.)

12. LIAISON AND SERVICE OF NOTICES

All project management and coordination on behalf of the State shall 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 pursuant to this contract shall be coordinated between the State's liaison and the Contractor's liaison.

Emily Cooper will be the liaison for the State.

(Address): PO Box 201601
(City, State, ZIP): Helena, MT 59620-1601
Telephone: (406)444-4165
Cell Phone:
Fax: (406)444-2684
E-mail: ecooper@mt.gov

Kim C. Colvin will be the liaison for the Contractor.

(Address): P.O. Box 11950

(City, State, ZIP): Bozeman, MT 59719
Telephone: (406) 522-9844
Cell Phone: (406) 539-4924
Fax:
E-mail: kim@terrawestern.com

The State's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints will first be directed to the liaison.

13. MEETINGS

The Contractor is required to meet with the State's personnel, or designated representatives, to resolve technical or contractual problems that may occur during the term of the contract 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. Meetings will occur as problems arise and will be coordinated by the State. The Contractor will be given a minimum of three full working days notice of meeting date, time, and location. Face-to-face meetings are desired. However, at the 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 to make a good faith effort to resolve problems, may result in termination of the contract.

14. CONTRACTOR PERFORMANCE ASSESSMENTS

The State may do assessments of the Contractor's performance. This contract may be terminated for one or more poor performance assessments. Contractors will have the opportunity to respond to poor performance assessments. The State will make any final decision to terminate this contract based on the assessment and any related information, the Contractor's response and the severity of any negative performance assessment. The Contractor will be notified with a justification of contract termination. Performance assessments may be considered in future solicitations.

15. TRANSITION ASSISTANCE

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

16. CHOICE OF LAW AND VENUE

This contract is governed by the laws of Montana. The parties agree that any litigation concerning this bid, proposal or subsequent 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. (See section 18-1-401, MCA.)

17. SCOPE, AMENDMENT, AND INTERPRETATION

17.1 Contract. This contract consists of 6 numbered pages, Attachment A, Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program, pages 7 & 8; Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions, page 9 through 11. In the case of dispute or ambiguity about the minimum levels of performance by the Contractor the order of precedence of document interpretation is in the same order.

17.2 Entire Agreement. These documents contain the entire agreement of the parties. Any enlargement, alteration or modification requires a written amendment signed by both parties.

18. PUBLIC INFORMATION AND OWNERSHIP OF PRODUCTS

All information resulting from the project funded under this Agreement shall be made available to the public. Upon completion of this Agreement, all information, reports, data, records, documents, and materials pertaining to this Agreement shall be available to the public. The Contractor shall indemnify and hold harmless DNRC from liability for injury caused by the release of any information, reports, data, records, documents, and materials provided by the Contractor. All copyrights, patents, or other royalty rights resulting from the completion of this Agreement or the information, reports, records, data documents, materials, and end products of this Agreement shall be the sole property of the DNRC.

19. EXECUTION

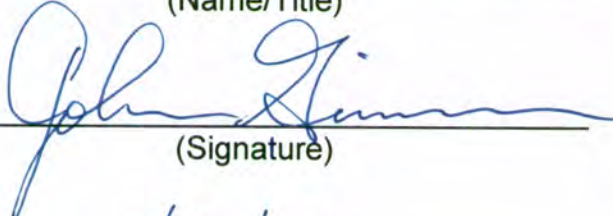
The parties through their authorized agents have executed this contract on the dates set out below.

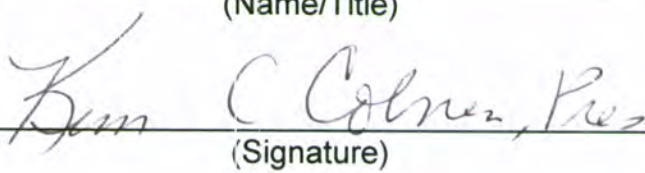
Department of Natural Resources & Conservation
PO Box 201601
Helena, MT, 59620-1601

Kim C. Colvin
Terra Western Associates
P.O. Box 11950
Bozeman, MT 59719
FEDERAL ID # _____

BY: JOHN GRIMM, R.E.M.B. CHIEF
(Name/Title)

BY: Kim C. Colvin, Pres.
(Name/Title)


(Signature)


(Signature)

DATE: 1/2/13

DATE: 1/4/13

ATTACHMENT A

Scope of Work for Appraisals of Potential Property Sales 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 in a Summary Report format, that is, it 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 each 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.

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

ATTACHMENT B

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION Supplemental Appraisal Instructions

Subject Property (Located in Broadwater County):

Sale #	Acres ±	Legal
302	161.63	Lot 4, SW¼NW¼, W½SW¼ Section 4, T2N-R2E
303	160	NE¼, Section 8, T2N-R2E
336	637.84	Lots 1-4, N½, N½S½,, Section 16, T3N-R2E
337	280	SE¼NE¼, NE¼SE¼, S½S½, NW¼SW¼, Section 32, T4N-R2E

Area Office Contact Information:

Gavin Anderson
8001 North Montana Ave.
Helena, MT 59602
Phone: 406/458-3500
Fax: 406/458-3506
Direct Line: 406/458-3502

Lessees:

Lease # 9823 & 9824
MCL Land & Livestock Enterprises
(406) 585-9376

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

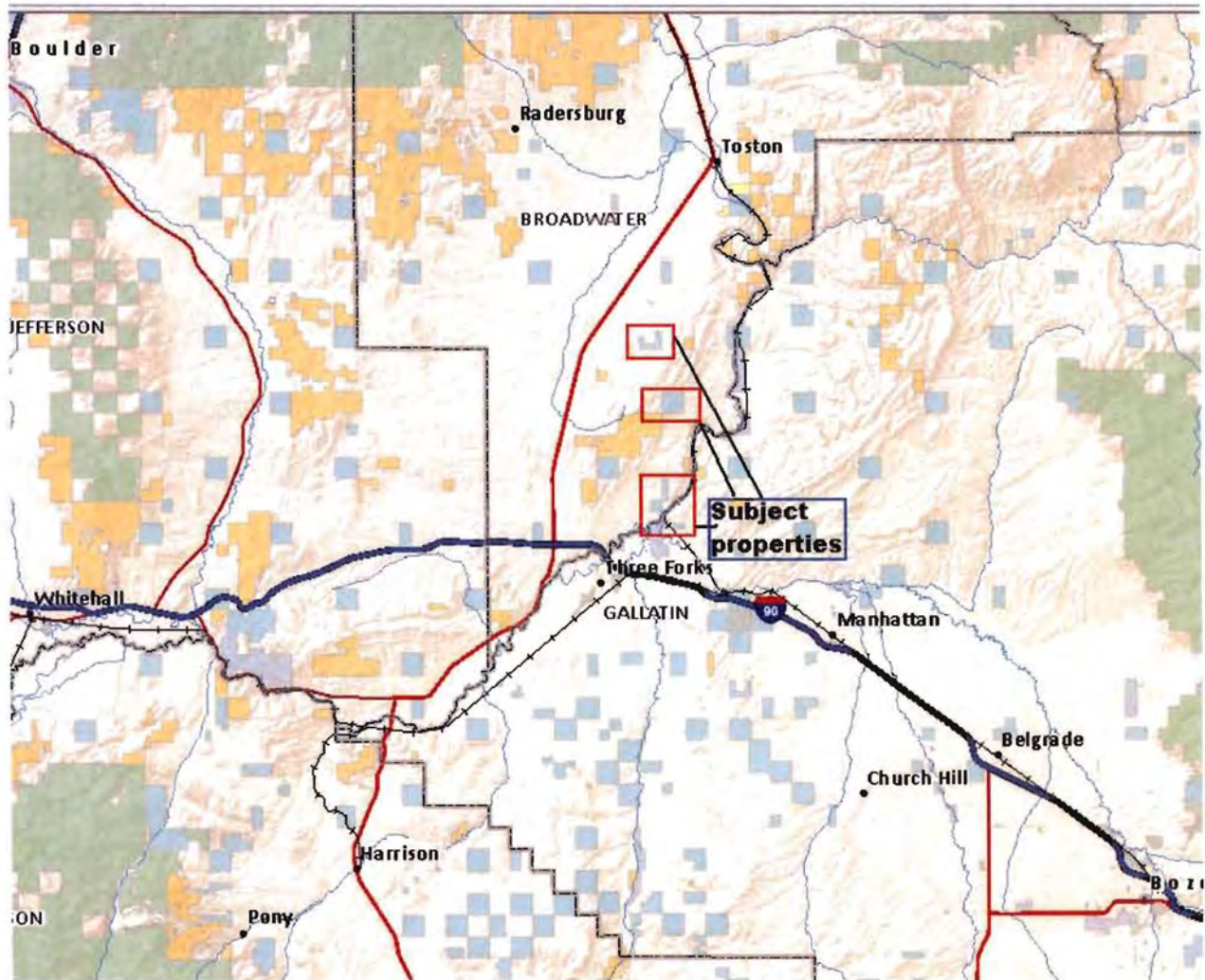
The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the 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 offices, including but not limited to aerial photos, land improvements, current lease data (lease #, name of lessee, , acres, costs, etc.), property issues. The local land office will provide the contact information to the appraiser in order for the appraiser to obtain access to the proponent's property.

Location Map of Parcels

Location Map of Parcel



Land Banking Sales Parcel Maps

Sale 302: Lot 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$ Section 4, T2N-R2E

Sale 303: NE $\frac{1}{4}$, Section 8, T2N-R2E



Sale 336: Lots 1-4, N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, Section 16, T3N-R2E



Sale 337: SE¼NE¼, NE¼SE¼, S½S½, NW¼SW¼, Section 32, T4N-R2E



EXHIBIT 2

BROADWATER COUNTY, MONTANA

479
B-26

#281

THIS INSTRUMENT, Made the 20th day of February in the year of our Lord one thousand nine hundred and twenty-six between Fred Modschiedler, of Los Angeles, County of Los Angeles, State of California, the party of the first part, and the STATE OF MONTANA, the party of the SECOND PART,

WITNESSETH: That the said party of the FIRST PART for and in consideration of the sum of One and No/100 Dollars, (\$1. 00) and other good and valuable considerations to him in hand paid by the said party of the SECOND PART, the receipt of which is hereby acknowledged; to hereby convey, remise, release and forever quitclaim unto the said party of the second part, and to its assigns, the following described real estate, situated in the County of Broadwater and State of Montana, to-wit:

Lot Four (4), the Southwest Quarter of the Northwest Quarter (SW $\frac{1}{4}$ NW $\frac{1}{4}$), and the West Half of the Southwest Quarter (W $\frac{1}{2}$ SW $\frac{1}{4}$) of Section Four; and the Northeast Quarter (NE $\frac{1}{4}$) of Section Eight (8); all in Township Two (2) North of Range Two (2) East of the Montana Principal Meridian, containing 201.63 acres, more or less, according to the Government Survey thereof;

RESERVING to the party of the first part the right to repurchase the above described lands on or before May 20, 1927, as provided by Section 1928 of the Revised Codes of 1921, and amended by Chapter 24 of Session Laws of 1923, and Chapter 180 of Session Laws of 1925; together with all the tenements, hereditaments and appurtenances thereunto belonging, and the reversion and reversions, remainder, and remainders, rents, issues and profits thereof; and also all the estate, right, title, interest property, possession, claim and demand whatsoever as well in law as in equity, of the said party of the first part, of, in or to the said premises and every part and parcel thereof

TO HAVE AND TO HOLD, all and singular the said premises, with the appurtenances unto the said party of the second part, and its assigns forever.

IN WITNESS WHEREOF, the said party of the first part has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in the Presence of }

Fred Modschiedler (SFAL)

(SFAL)

STATE OF CALIFORNIA,)
County of Los Angeles) ss.

On this 20th day of February nineteen hundred and twenty-six before me Colon A. Robertson a Notary Public for the State of California, personally appeared Fred Modschiedler known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal the day and year in this Certificate first above written.

(NOTARIAL SEAL)

Residing at Los Angeles

Colon A. Robertson
Notary Public for the State of California.
My Commission expires Apr. 1, 1928

Filed for record this 23rd day of February A. D. 1926 at 9:00 o'clock A. M.

Alice Brittenden

157966 Fee: \$ 21.00 Bk 111 Pg 938

BROADWATER COUNTY Recorded 02/28/2008 At 03:45 PM

Rhonda Nelson, Clk & Rcdr By *[Signature]*

Return to: NORTHWESTERN ENERGY 40 E BROADWAY ST
BUTTE, MT 59701-9989

Right of Way Application No. 12407
Affecting an 80-foot through NE4, Sec.
8, Twp. 2N, Rge. 2E
Broadwater County, Montana

EASEMENT NO. D-11928

RIGHT OF WAY DEED

=====

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF MONTANA

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Know ye that the State of Montana (hereinafter referred to as "Grantor"), in consideration of the sum of Four Thousand Two Hundred Forty-Eight and No/100 Dollars (\$4,248.00) now paid, grants to NorthWestern Energy (hereinafter referred to as "Grantee") a right of way for an overhead 161 kv electric transmission line upon and across State lands, as follows:

An 80-foot through NE4, Section 8, Township 2 North, Range 2 East, Principal Meridian Montana, Broadwater County, Montana, more particularly described as follows:

A tract or strip of land 80 feet wide, 40 feet on each side of a centerline described as follows:

Beginning at a point on the east-west mid-section line of said Section 8, which bears N89°32'46"W 2528.67 feet from the East Quarter corner of said Section 8; said corner is a found GLO brass cap per corner recordation book 1, page 186, filed and recorded in Broadwater County. Thence N60°52'29"E 2893.26 feet to a point on the Easterly boundary line of said Section 8, which bears N00°02'48"W 1428.24 feet from the East Quarter corner of said Section 8.

The above-described right of way contains a total of 5.31 acres, more or less.

The grant of this easement is subject to the following conditions:

The Grantee shall comply with the Montana Antiquities Act, Title 22, Chapter 3, MCA. In particular, Section 22-3, Parts 4 and 8 which may also be referred to as the Human Skeletal Remains and Burial Site

result to the crops, fences and other property from the construction, maintenance, operation or removal of the said reconstructed overhead powerline. The said damages if not mutually agreed upon shall be ascertained and determined by three disinterested persons, one of whom to be appointed by the purchaser or lessee of the land, heirs or assigns, one by the grantee herein, its successors or assigns, and the third by the two so appointed as aforesaid. The award of such three persons shall be final and conclusive.

The State of Montana hereby grants unto the NorthWestern Energy the right of ingress to and egress from this right of way over adjoining lands of the State of Montana using existing roads and trails where practicable. In the event NorthWestern Energy finds it necessary to reconstruct any existing road or trail or to construct a temporary road into the transmission line, they must contact the State for approval prior to beginning any construction activities. The State may impose additional stipulations and/or require additional compensation as a condition of approval.

Provided, lines should be designed to prevent possible electrocution of peregrine falcons, bald eagles, and other raptors. Construction of lines should assure that clearances between conductors, and conductors and ground wire, are sufficient to preclude raptor electrocutions. The recommendation is that power pole construction shall be designed as instructed in "Mitigating Bird Collisions with Overhead Power Lines" (Avian Powerline Interaction Committee, 1994). A copy of this report can be obtained by contacting the Edison Electric Institute at telephone number 1-800-334-5453 and requesting Item No. 06-94-93.

The Grantee shall be responsible for controlling any noxious weeds introduced by Grantee's activity on State-owned land. The Grantee's methods of control must be reviewed by the Grantor's Area Field Office that has jurisdiction for that locale.

The Grantee shall comply with the Montana County Noxious Weed Management Act, Section 7-22-2101 MCA et. seq., as follows:

The Grantee shall notify the local weed board that is responsible for that geographical area that the project is located in. If the Grantee disturbs vegetation for any reason, Grantee shall be required to revegetate the disturbed area. The Grantee shall submit to the local weed board a written plan specifying the methods to be used to accomplish revegetation. The plan must describe the time and method of seeding; fertilization, recommended plant species, use of weed-free seed, and the weed management procedures to be used. This plan is subject to approval by the local weed board, and therefore must be signed by the chairman of the board. Upon termination of this easement, Grantee shall reclaim the entire area in accordance with this paragraph.

Provided, further, that the right of way deed granted herein shall be assignable by Grantee only with the written approval of the Director, Department of Natural Resources and Conservation.

Provided, however, that the right of way granted herein is not exclusive and does not interfere with the Grantor and its successor, assigns or purchasers of State products or other parties authorized to use State land, in their right, at all times to go upon, cross and recross the land covered by said right of way, at any point, for any and all purposes in a manner that will not unreasonably interfere with the rights granted to Grantee.

Provided, that Grantor may terminate this right of way for a material breach of any of the conditions or provisions of this deed. Before Termination, the Board shall give Grantee written notice of intent to terminate and a reasonable period to cure the breach.

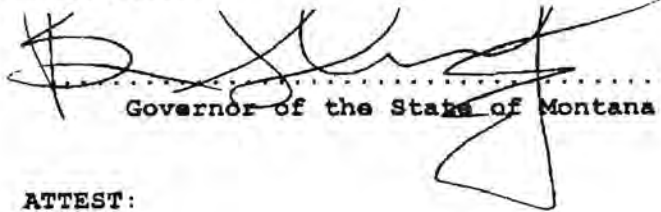
It is further provided that whenever said lands herein granted as

157966 Fee: \$ 21.00 Bk 111 Pg 940

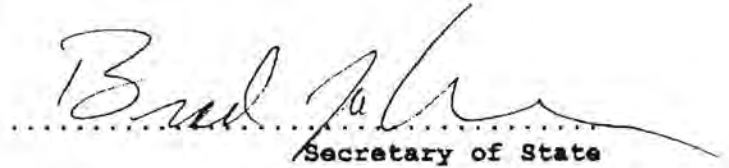
BROADWATER COUNTY Recorded 02/28/2008 At 03:45 PM

Rhonda Nelson, Clk & Rcdr By

Return to: NORTHWESTERN ENERGY 40 E BROADWAY ST
BUTTE, MT 59701-9989


Governor of the State of Montana

ATTEST:


Secretary of State

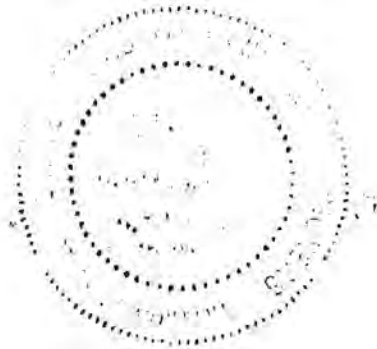
Countersigned by:


Director Department of Natural
Resources and Conservation

Accepted and Approved:


Signature

ROSE SHEA, Sr. Permit Specialist, NWE
Printed Name



Property: **State of Montana - Broadwater County property sale #303**

Sec.	Twp.	Rng.	Legal Description	Total Acres	Irr. Crop	Dry Crop	Hayland	Market	Forest	Native Range	Farmsite
8	2N	2E	NE4	160.000						160.000	
			Total	160.000						160.000	

Grazing Allotment	Acres	AUMs	Ac/AUM
BLM			
BLM			
State of Montana			
Total	0	0	

Property Record Card

Summary

Primary Information

Property Category: RP

Subcategory: Real Property

Geocode: 43-1107-08-1-01-01-0000

Assessment Code: 000J249001

Primary Owner:

PropertyAddress:

STATE OF MONTANA

PO BOX 1128

COS Parcel:

TOWNSEND, MT 59644-1128

NOTE: See the Owner tab for all owner information

Certificate of Survey:

Subdivision:

Legal Description:

S08, T02 N, R02 E, NE4

Last Modified: 1/24/2013 12:13:14 AM

General Property Information

Neighborhood: 001

Property Type: EP - Exempt Property

Living Units: 0

Levy District: 43-2360-J24

Zoning:

Ownership %: 100

Linked Property:

No linked properties exist for this property

Exemptions:

No exemptions exist for this property

Condo Ownership:

General: 0

Limited: 0

Property Factors

Topography: 8

Fronting: 0 - None

Utilities: 0

Parking Type:

Access: 0

Parking Quantity:

Location: 0 - Rural Land

Parking Proximity:

Land Summary

<u>Land Type</u>	<u>Acres</u>	<u>Value</u>
Grazing	160.000	00.00
Fallow	0.000	00.00
Irrigated	0.000	00.00
Continuous Crop	0.000	00.00
Wild Hay	0.000	00.00
Farmsite	0.000	00.00
ROW	0.000	00.00
NonQual Land	0.000	00.00
Total Ag Land	160.000	00.00
Total Forest Land	0.000	00.00
Total Market Land	0.000	00.00

Deed Information:

Deed Date	Book	Page	Recorded Date	Document Number	Document Type
-----------	------	------	---------------	-----------------	---------------

Owners

Party #1

Default Information: STATE OF MONTANA
PO BOX 1128

Ownership %: 100

Primary Owner: "Yes"

Interest Type: Conversion

Last Modified: 12/6/2007 11:57:08 PM

Other Names

Other Addresses

Name

Type

Appraisals**Appraisal History**

Tax Year	Land Value	Building Value	Total Value	Method
2012	7401	0	7401	COST
2011	7401	0	7401	COST

Market Land**Market Land Info**

No market land info exists for this parcel

Dwellings**Existing Dwellings**

No dwellings exist for this parcel

Other Buildings/Improvements

Outbuilding/Yard Improvements

No other buildings or yard improvements exist for this parcel

Commercial**Existing Commercial Buildings**

No commercial buildings exist for this parcel

Ag/Forest Land

Ag/Forest Land Item #1

Acre Type: G - Grazing

Class Code: 1651

Productivity

Quantity: 0.125

Units: AUM/Acre

Irrigation Type:

Timber Zone:

Commodity: Grazing Fee

Valuation

Acres: 16.57**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #2

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.258**Commodity:** Grazing Fee**Units:** AUM/Acre

Valuation

Acres: 117.247**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #3

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.269**Commodity:** Grazing Fee**Units:** AUM/Acre

Valuation

Acres: 13.709**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #4

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.293**Commodity:** Grazing Fee**Units:** AUM/Acre

Valuation

Acres: 4.475**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #5

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.302**Commodity:** Grazing Fee**Units:** AUM/Acre

Valuation

Acres: 4.801**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #6

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.41
Units: AUM/Acre
Valuation
Acres: 3.198
Value: 0

Commodity: Grazing Fee

Per Acre Value: 0

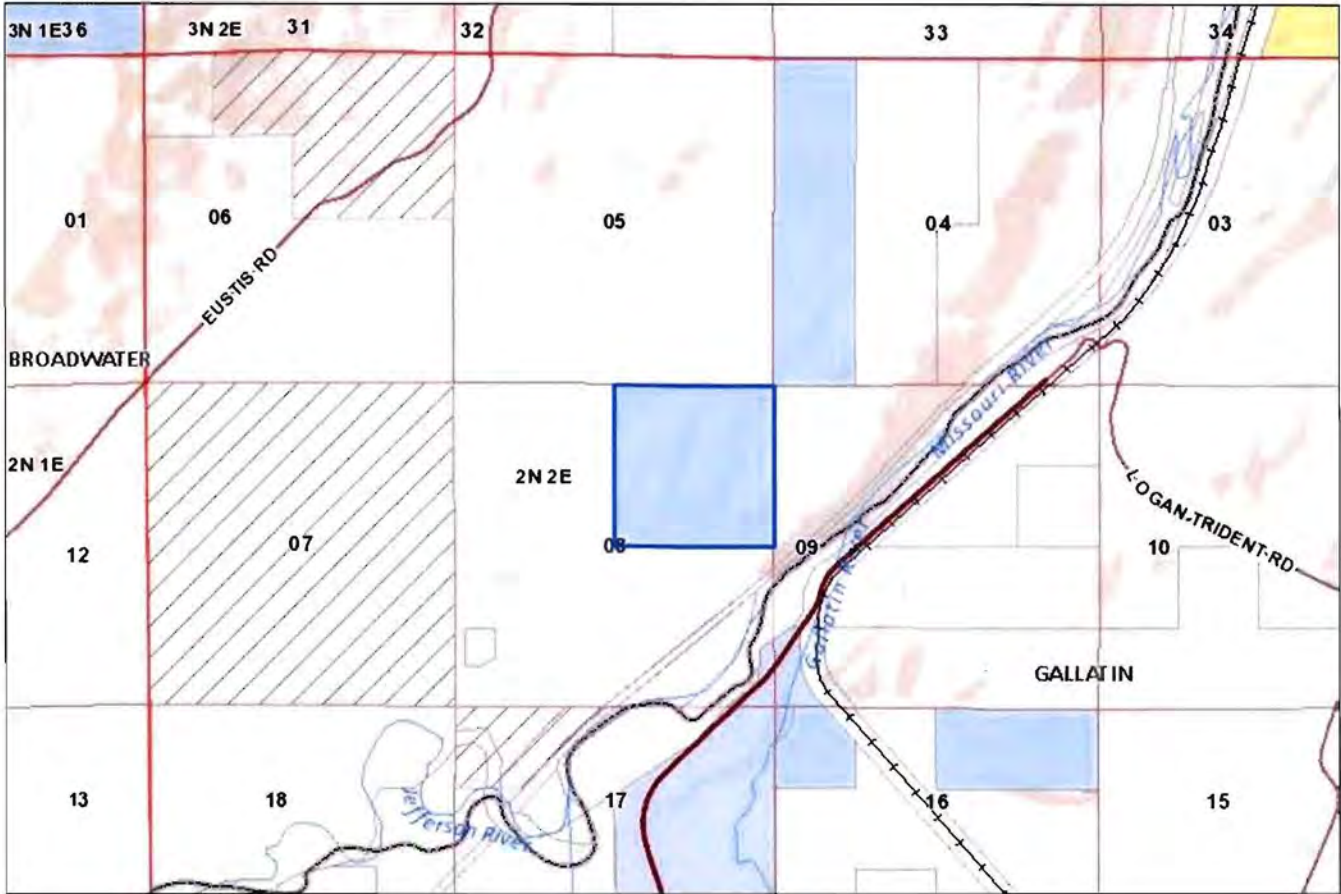


EXHIBIT 3

MARKET DATA ACCESS PAIRINGS								
Database #	Sale Date	Seller/Buyer	County	Sale Price	Deeded Acres	Access	Land Value Per Acre	Value Difference
JE-01-29	Sep-01	MT Tunnels/ Wallace	Jefferson	\$13,900	16.56	Phy/ No Legal	\$839	45.8%
JE-01-118	Sep-01	Bergsma/ Glanschneg	Jefferson	\$31,000	20	Gravel	\$1,549	
JE-01-29	Sep-01	MT Tunnels/ Wallace	Jefferson	\$13,900	16.56	Phy/ No Legal	\$839	65.8%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-01-29	Sep-01	MT Tunnels/ Wallace	Jefferson	\$13,900	16.56	Phy/ No Legal	\$839	49.1%
JE-01-117	Aug-01	Taylor/ Burrows	Jefferson	\$33,000	20.01	Gravel	\$1,649	
JE-01-31	Nov-01	MT Tunnels/ Pfister	Jefferson	\$26,200	17.50	Phy/ No Legal	\$1,497	38.9%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-01-30	Nov-01	MT Tunnels/ Counts	Jefferson	\$17,468	20.66	Phy/ No Legal	\$845	65.5%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-01-30	Nov-01	MT Tunnels/ Counts	Jefferson	\$17,468	20.66	Phy/ No Legal	\$845	45.4%
JE-01-118	Sep-01	Bergsma/ Glanschneg	Jefferson	\$31,000	20	Gravel	\$1,549	
JE-01-30	Nov-01	MT Tunnels/ Counts	Jefferson	\$17,468	20.66	Phy/ No Legal	\$845	48.7%
JE-01-117	Aug-01	Taylor/ Burrows	Jefferson	\$33,000	20.01	Gravel	\$1,649	
JE-02-1	Dec-01	MT Tunnels/ Conts	Jefferson	\$25,332	20.60	Phy/ No Legal	\$1,230	49.8%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-03-103	Sep-03	Y.T. Timber/ Adamson	Jefferson	\$278,000	505.58	Phy/No Legal	\$550	8.4%
JE-02-153	Sep-02	Y.T. Timber/ Palmer	Jefferson	\$178,200	297.00	FS Road	\$600	
JE-05-37	Aug-05	Blixseth/ Highland	Jefferson	\$150,000	384.82	Phy/No Legal	\$390	35.0%
JE-02-153	Sep-02	Y.T. Timber/ Palmer	Jefferson	\$178,200	297.00	FS Road	\$600	
JE-05-37	Aug-05	Blixseth/ Highland	Jefferson	\$150,000	384.82	Phy/No Legal	\$390	75.6%
JE-99-11	Oct-99	Highland/ Eagle Stud	Jefferson	\$486,500	540.00	Gravel	\$1,596	
HB-109	Jan-06		Jefferson	\$49,015	61.81	None	\$793	
HB-108			Broadwater	\$275,018	75.93	Cnty Rd	\$3,622	
HB-109	Jan-06		Jefferson	\$49,015	61.81	None	\$793	72.9%
HB-107	Apr-04		Jefferson	\$775,000	264.67	Cnty Rd	\$2,928	

TA

MARKET DATA ACCESS PAIRINGS								
Database #	Sale Date	Seller/Buyer	County	Sale Price	Deeded Acres	Access	Land Value Per Acre	Value Difference
	Jan-99	Corbett/Connly	Lewis&Clark	\$401,000	2,088	prescriptive	\$192	49.5%
	Oct-97	Dipper J/ Broadmarkle	Lewis&Clark	\$1,200,000	3,520	private	\$380	
*LC-99-34	Sep-99	Warren/Rice	Lewis&Clark	\$60,000	20.64	Phy/ No Legal	\$2,907	22.0%
LC-99-57	Oct-99	Mitchell/	Lewis&Clark	\$74,500	20.00	Cnty gravel	\$3,725	
LC-98-27	Jun-98	Baitis/	Lewis&Clark	\$26,500	20.00	Seasonal	\$1,325	32.9%
LC-98-95	Apr-98	Retz- Realtor	Lewis&Clark	\$39,500	20.00	Legal- RR	\$1,975	
GA-00-16	Aug-00	Big Sky Lmb/ Wytana	Gallatin	\$1,654,300	1,139	None	\$1,452	62.8%
GA-00-14	Sep-00	McDougal/ Tomasko	Gallatin	\$2,500,000	640	Seasonal	\$3,906	
	Jun-10	Hahola	Gallatin	\$400,000	159.87	None	\$2,502	37.4%
				\$640,000	160.00		\$4,000	
	Aug-09	Skogan	Gallatin	\$450,000	160.00	Seasonal	\$2,813	29.7%
				\$640,000	160.00		\$4,000	

46.4%

EXHIBIT 4

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
1424 9TH AVENUE P.O. BOX 201601 HELENA, MONTANA 59620-1601

GENERAL ABSTRACT

Water Right Number: 411 135749 00 STATEMENT OF CLAIM

Version: -- ORIGINAL RIGHT

Version Status: ACTIVE

Owners: MONTANA, STATE OF BOARD OF LAND COMMISSIONERS
TRUST LAND MANAGEMENT DIVISION
PO BOX 201601
HELENA, MT 59620 1601

Priority Date: January 1, 1940

Enforceable Priority Date: January 1, 1940

Type of Historical Right: USE

Purpose (use): STOCK

Maximum Flow Rate: 30 GPM

Maximum Volume: THIS WATER RIGHT INCLUDES THE AMOUNT OF WATER CONSUMPTIVELY USED FOR STOCKWATERING PURPOSES AT THE RATE OF 30 GALLONS PER DAY PER ANIMAL UNIT. ANIMAL UNITS SHALL BE BASED ON REASONABLE CARRYING CAPACITY AND HISTORICAL USE OF THE AREA SERVICED BY THIS WATER SOURCE.

Source Name: GROUNDWATER

Source Type: GROUNDWATER

Points of Diversion and Means of Diversion:

<u>ID</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1		SESWNE	8	2N	2E	BROADWATER
Period of Diversion:	JANUARY 1 to DECEMBER 31					
Diversion Means:	WELL					

Period of Use: JANUARY 1 TO DECEMBER 31

Purpose (use): STOCK

Place of Use: (1 total records)

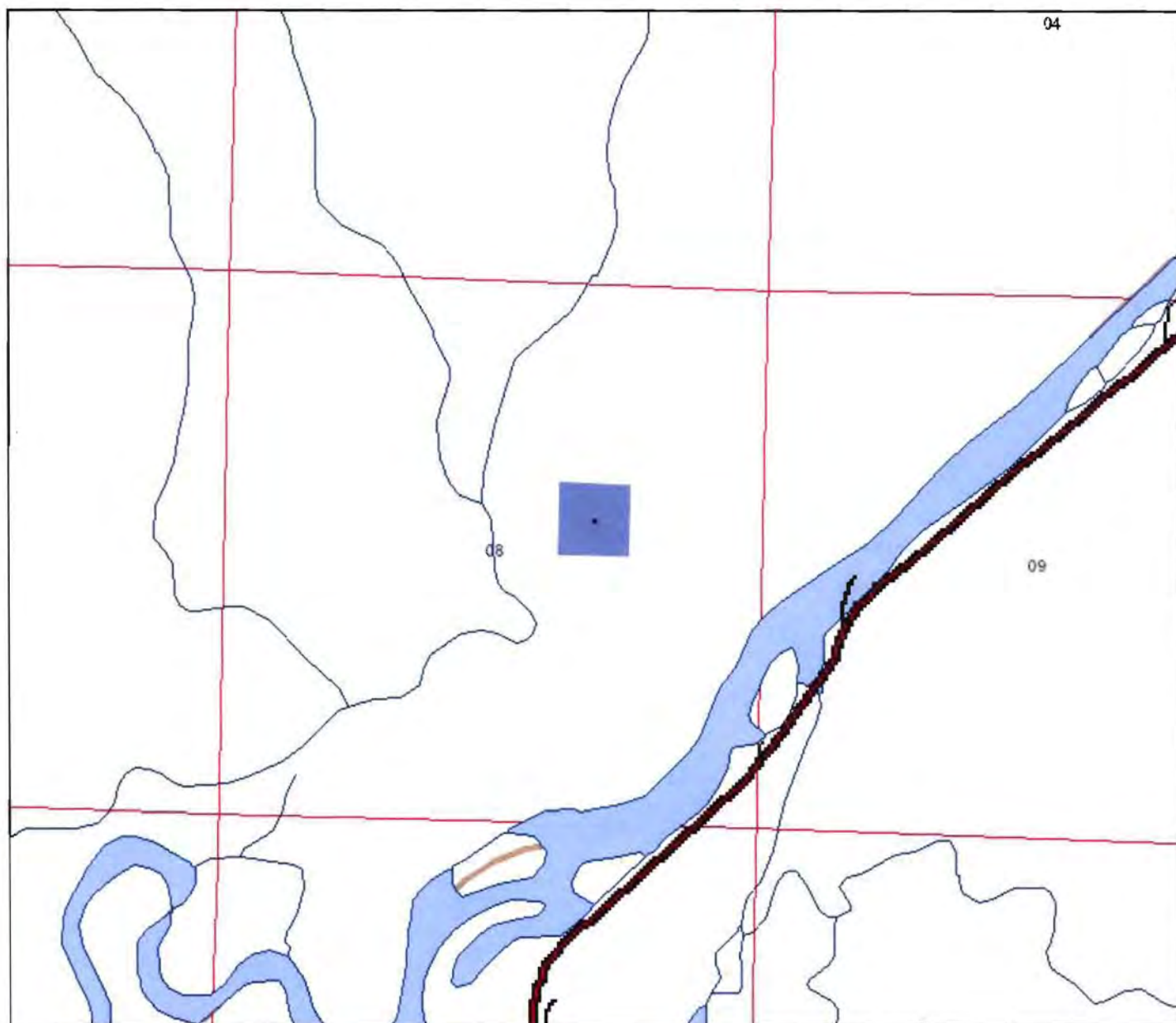
<u>ID</u>	<u>Acres</u>	<u>Govt Lot</u>	<u>Qtr Sec</u>	<u>Sec</u>	<u>Twp</u>	<u>Rge</u>	<u>County</u>
1			SESWNE	8	2N	2E	BROADWATER

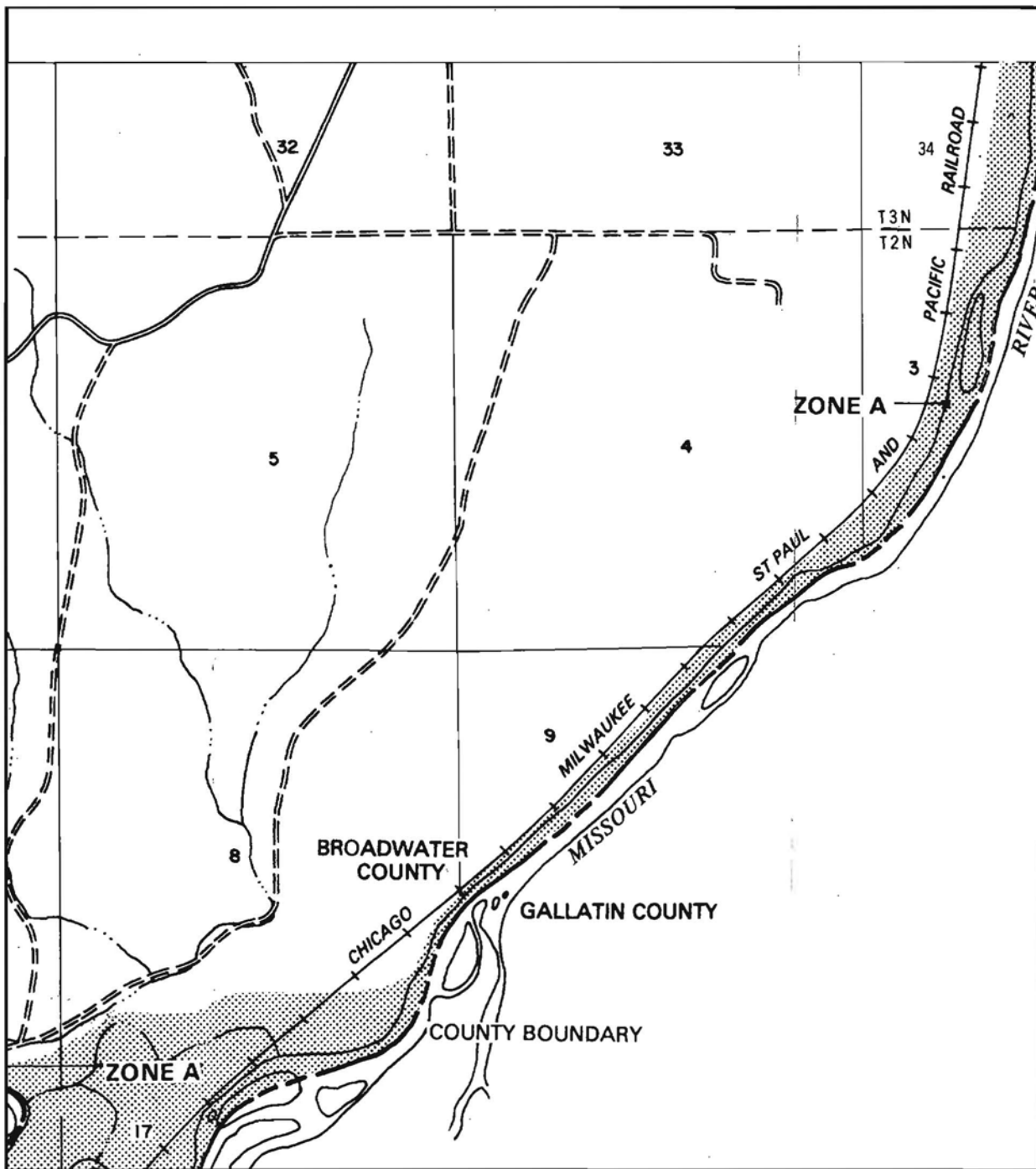
Geocodes/Valid:

Remarks:

STARTING IN 2008, PERIOD OF DIVERSION WAS ADDED TO MOST CLAIM ABSTRACTS, INCLUDING THIS ONE.

Water Right Number: 41I 135749 00





APPROXIMATE SCALE

2000

0

NATIONAL FLOOD INSURANCE PROGRAM

FHBM

FLOOD HAZARD BOUNDARY MAP

**BROADWATER
COUNTY,
MONTANA**
UNINCORPORATED AREA

PANEL 14 OF 16

(SEE MAP INDEX FOR PANELS NOT PRINTED)

CONVERTED BY LETTER
EFFECTIVE 12/186

COMMUNITY-PANEL NUMBER
300145 0014 A

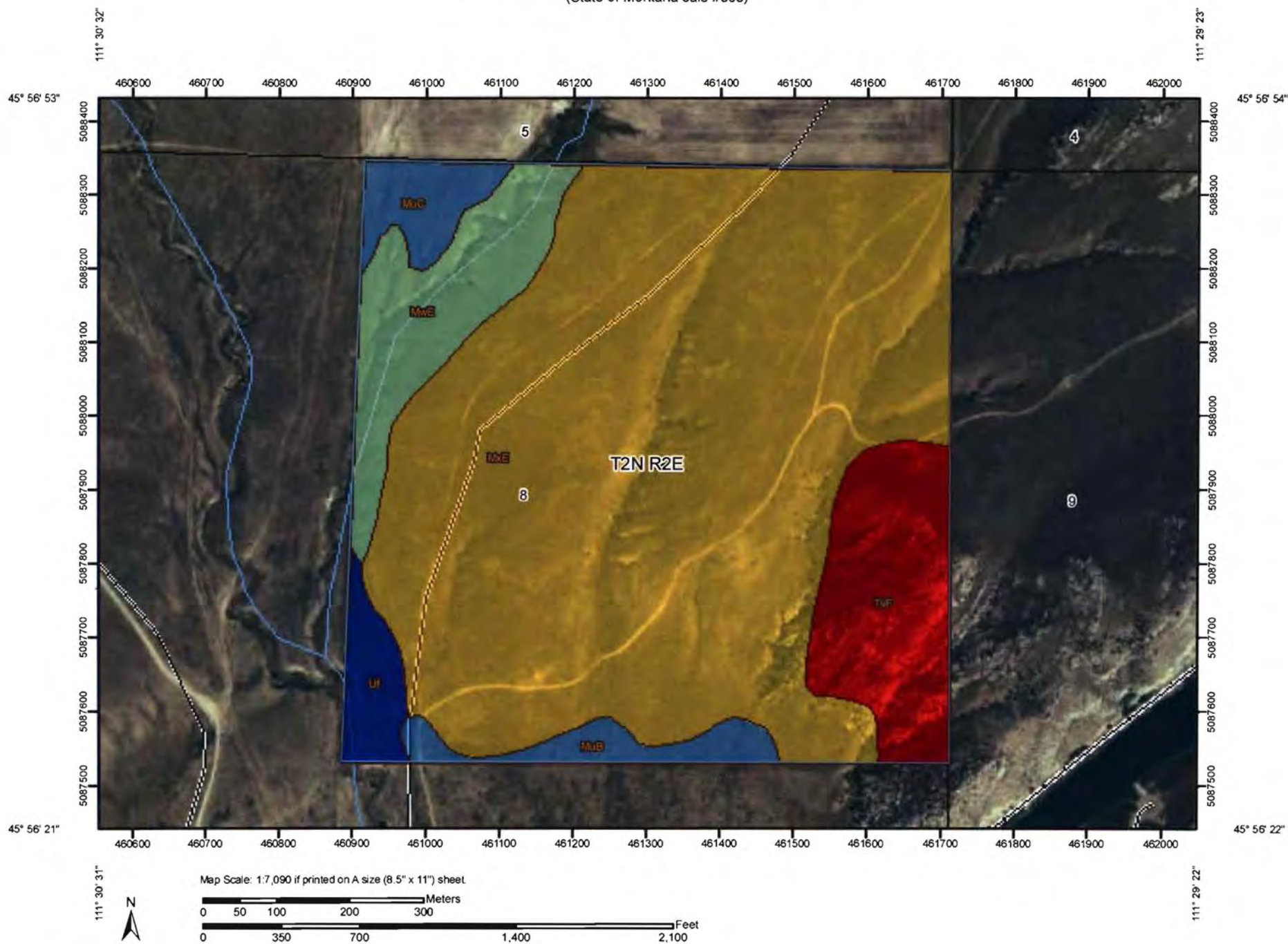
EFFECTIVE DATE:
FEBRUARY 9, 1982



federal emergency management agency
















This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

Range Production (Normal Year)—Broadwater County Area, Montana
(State of Montana sale #303)



Range Production (Normal Year)—Broadwater County Area, Montana
(State of Montana sale #303)

MAP LEGEND

Area of Interest (AOI)	
	Area of Interest (AOI)
Soils	
	Soil Map Units
Soil Ratings	
	<= 528
	> 528 AND <= 1145
	> 1145 AND <= 1177
	> 1177 AND <= 1310
	> 1310 AND <= 2000
	Not rated or not available
Political Features	
	Cities
	PLSS Township and Range
	PLSS Section
Water Features	
	Streams and Canals
Transportation	
	Rails
	Interstate Highways
	US Routes
	Major Roads
	Local Roads

MAP INFORMATION

Map Scale: 1:7,080 if printed on A size (8.5" x 11") sheet.

The soil surveys that comprise your AOI were mapped at 1:24,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for accurate map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL: <http://websoilsurvey.nrcs.usda.gov>
Coordinate System: UTM Zone 12N NAD83

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Broadwater County Area, Montana
Survey Area Data: Version 11, Jan 5, 2012

Date(s) aerial images were photographed: 8/15/2005; 8/6/2005

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

Range Production (Normal Year)

Range Production (Normal Year)— Summary by Map Unit — Broadwater County Area, Montana (MT609)				
Map unit symbol	Map unit name	Rating (pounds per acre per year)	Acres in AOI	Percent of AOI
MuB	Mussel-Musselshell complex, 2 to 5 percent slopes	1270	4.7	2.9%
MuC	Mussel-Musselshell complex, 5 to 9 percent slopes	1310	4.7	2.9%
MwE	Musselshell-Crago channery loams, 15 to 35 percent slopes	1177	14.0	8.6%
MxE	Musselshell-Crago cobbly loams, 8 to 20 percent slopes	1145	117.8	72.7%
TvF	Tropal-Rock outcrop complex, 15 to 60 percent slopes	528	16.7	10.3%
Uf	Ustic Torrifluvents	2000	4.3	2.7%
Totals for Area of Interest			162.1	100.0%

Description

Total range production is the amount of vegetation that can be expected to grow annually in a well managed area that is supporting the potential natural plant community. It includes all vegetation, whether or not it is palatable to grazing animals. It includes the current year's growth of leaves, twigs, and fruits of woody plants. It does not include the increase in stem diameter of trees and shrubs. It is expressed in pounds per acre of air-dry vegetation. In a normal year, growing conditions are about average. Yields are adjusted to a common percent of air-dry moisture content.

In areas that have similar climate and topography, differences in the kind and amount of vegetation produced on rangeland are closely related to the kind of soil. Effective management is based on the relationship between the soils and vegetation and water.

Rating Options

Units of Measure: pounds per acre per year

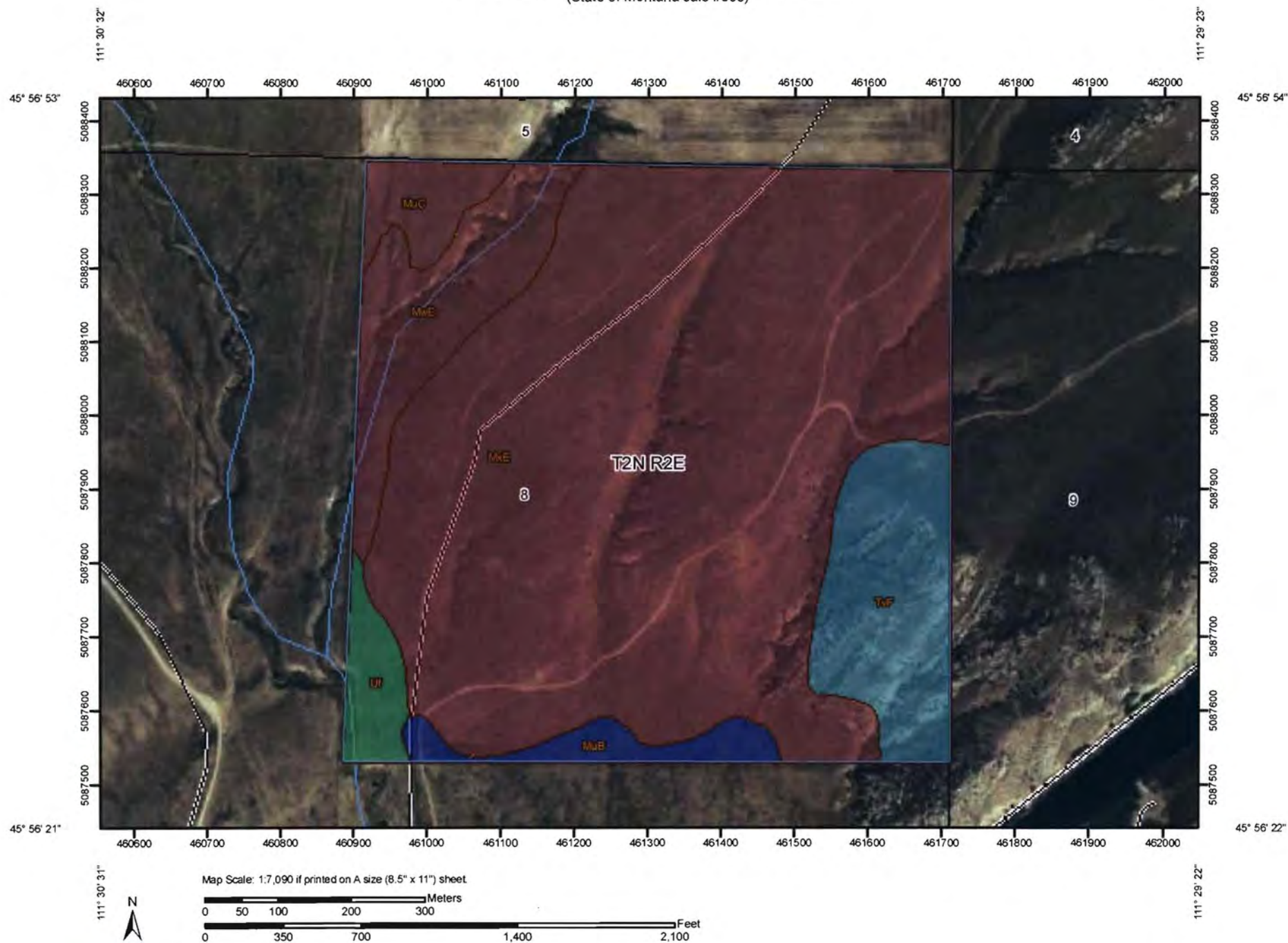
Aggregation Method: Weighted Average

Component Percent Cutoff: None Specified

Tie-break Rule: Higher

Interpret Nulls as Zero: Yes

Soil Taxonomy Classification—Broadwater County Area, Montana
(State of Montana sale #303)



Soil Taxonomy Classification—Broadwater County Area, Montana
(State of Montana sale #303)

MAP LEGEND

- Area of Interest (AOI)**
-  Area of Interest (AOI)
- Soils**
-  Soil Map Units
- Soil Ratings**
-  Coarse-loamy, carbonatic Borolic Calciorhids
 -  Fine-loamy, mixed (calcareous), frigid Ustic Torrifluvents
 -  Fine-loamy, mixed (calcareous), frigid Ustic Torriorrhents
 -  Loamy-skeletal, carbonatic Lithic Cryochrepts
 -  Not rated or not available
- Political Features**
-  Cities
 -  PLSS Township and Range
 -  PLSS Section
- Water Features**
-  Streams and Canals
- Transportation**
-  Rails
 -  Interstate Highways
 -  US Routes
- Major Roads**
-  Major Roads
 -  Local Roads

MAP INFORMATION

Map Scale: 1:7,080 if printed on A size (8.5" x 11") sheet.

The soil surveys that comprise your AOI were mapped at 1:24,000.

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Soil Survey Area: Broadwater County Area, Montana
Survey Area Data: Version 11, Jan 5, 2012

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The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

Soil Taxonomy Classification

Soil Taxonomy Classification— Summary by Map Unit — Broadwater County Area, Montana (MT609)				
Map unit symbol	Map unit name	Rating	Acres in AOI	Percent of AOI
MuB	Mussel-Musselshell complex, 2 to 5 percent slopes	Fine-loamy, mixed (calcareous), frigid Ustic Torriorthents	4.7	2.9%
MuC	Mussel-Musselshell complex, 5 to 9 percent slopes	Coarse-loamy, carbonatic Borollic Calciorthids	4.7	2.9%
MwE	Musselshell-Crago channery loams, 15 to 35 percent slopes	Coarse-loamy, carbonatic Borollic Calciorthids	14.0	8.6%
MxE	Musselshell-Crago cobbly loams, 8 to 20 percent slopes	Coarse-loamy, carbonatic Borollic Calciorthids	117.8	72.7%
TvF	Tropal-Rock outcrop complex, 15 to 60 percent slopes	Loamy-skeletal, carbonatic Lithic Cryochrepts	16.7	10.3%
Uf	Ustic Torrifluvents	Fine-loamy, mixed (calcareous), frigid Ustic Torrifluvents	4.3	2.7%
Totals for Area of Interest			162.1	100.0%

Description

This rating presents the taxonomic classification based on Soil Taxonomy.

The system of soil classification used by the National Cooperative Soil Survey has six categories (Soil Survey Staff, 1999 and 2003). Beginning with the broadest, these categories are the order, suborder, great group, subgroup, family, and series. Classification is based on soil properties observed in the field or inferred from those observations or from laboratory measurements. This table shows the classification of the soils in the survey area. The categories are defined in the following paragraphs.

ORDER. Twelve soil orders are recognized. The differences among orders reflect the dominant soil-forming processes and the degree of soil formation. Each order is identified by a word ending in sol. An example is Alfisols.

SUBORDER. Each order is divided into suborders primarily on the basis of properties that influence soil genesis and are important to plant growth or properties that reflect the most important variables within the orders. The last syllable in the name of a suborder indicates the order. An example is Udalfs (Ud, meaning humid, plus alfs, from Alfisols).

GREAT GROUP. Each suborder is divided into great groups on the basis of close similarities in kind, arrangement, and degree of development of pedogenic horizons; soil moisture and temperature regimes; type of saturation; and base status. Each great group is identified by the name of a suborder and by a prefix that indicates a property of the soil. An example is Hapludalfs (Hapl, meaning minimal horizonation, plus udalfs, the suborder of the Alfisols that has a udic moisture regime).

SUBGROUP. Each great group has a typic subgroup. Other subgroups are intergrades or extragrades. The typic subgroup is the central concept of the great group; it is not necessarily the most extensive. Intergrades are transitions to other orders, suborders, or great groups. Extragrades have some properties that are not representative of the great group but do not indicate transitions to any other taxonomic class. Each subgroup is identified by one or more adjectives preceding the name of the great group. The adjective Typic identifies the subgroup that typifies the great group. An example is Typic Hapludalfs.

FAMILY. Families are established within a subgroup on the basis of physical and chemical properties and other characteristics that affect management. Generally, the properties are those of horizons below plow depth where there is much biological activity. Among the properties and characteristics considered are particle-size class, mineralogy class, cation-exchange activity class, soil temperature regime, soil depth, and reaction class. A family name consists of the name of a subgroup preceded by terms that indicate soil properties. An example is fine-loamy, mixed, active, mesic Typic Hapludalfs.

SERIES. The series consists of soils within a family that have horizons similar in color, texture, structure, reaction, consistence, mineral and chemical composition, and arrangement in the profile.

References:

Soil Survey Staff. 1999. Soil taxonomy: A basic system of soil classification for making and interpreting soil surveys. 2nd edition. Natural Resources Conservation Service, U.S. Department of Agriculture Handbook 436.

Soil Survey Staff. 2006. Keys to soil taxonomy. 10th edition. U.S. Department of Agriculture, Natural Resources Conservation Service. (The soils in a given survey area may have been classified according to earlier editions of this publication.)

Rating Options

Aggregation Method: Dominant Condition

Component Percent Cutoff: None Specified

Tie-break Rule: Lower

EXHIBIT 5

KATHLEEN RICKETT, ARA

P.O. Box 691

Belgrade, MT 59714

406/388-0570 Office 406/388-0573 Fax 406/570-4450 Cell

Montana Certified General Appraiser # 650

Accredited Rural Appraiser (ARA) & Member of ASFMRA Accredited #1664

Katie@terrawestern.com



EDUCATION

Colorado State University, Fort Collins, Colorado

Bachelor of Science Degree: Equine Science (Science Concentration) 1996

University of Colorado at Boulder Continuing Education, Boulder, Colorado

Registered Real Estate Appraiser.

*NCRE 200-411 Registered Appraiser (40 hours) 1998 *NCRE 201-411 Basic Appraisal Applications (24 hours) 1998 *NCRE 208-411 Standards and Ethics (16 hours) 1998

American Society of Farm Managers and Rural Appraisers (ASFMRA):

* A-10, 6/20-26/1999, Austin, TX (40 Hours) * A-20, 8/23-28/1999, St. Cloud, MN (44 Hours) * A-12, 1/14-15/00, Billings, MT (16 Hours) * ALL215, 9/7-9/00, Manhattan Beach, CA (30 Hours) * A-12 Part 1 ASFMRA Ethics & Part 3- USPAP (7 Hours); 2/4-5/03 * ASFMRA- Federal Land Exchange & Acquisitions Course 4/7-9/03 (20 Hours) * A-25, 4/27-29/04, Boise, Idaho (20 Hours) * A-29, 4/30- 5/1/04, Boise, Idaho (15 Hours) * ASFMRA- Timber & Timberland Valuation, 1/31/05, Portland, OR (8 Hours) * UASFLA- "Yellow Book", 2/1/05, Portland, OR (8 Hours) * ASFMRA- Appraising Agricultural Land in Transition, 2/28-3/1/06 (12 Hours) * A-27- Income Capitalization, Indianapolis, IN, 3/15-18/06 (28 Hours) * A-114, USPAP Course, 10/27/06, Great Falls, MT (7 Hours) * A-30, 6/3-9/07, Denver, CO. (47.5 Hours) * Valuation of Conservation Easements, 1/ 14-18/08, ASFMRA & AI (33 Hours) * A-114, 7 Hour USPAP Update Course, 2/6/08, Billings, MT (7 Hours) * UASFLA- "Yellow Book", 10/14-16/08, Billings, MT (22 Hours) * Uniform Agricultural Appraisal Report, 5/8-9/08, Piedmont, SD (16 Hours) *What's Missing in Appraisal Reports, 2/ 4/09, Bozeman, MT (4 Hours) *Wind Leases-The Basic Rights of Ownership, 2/4/09, Bozeman, MT (2 Hours) * Update of Montana Water Rights, 2/4/09, Bozeman, MT (2 Hours) *ASFMRA- Code of Ethics Webinar, 8/11/09 (4 Hours) * A-114, 7 Hour USPAP 2010-2011 Update Course, 2/4/10, Billings, MT (7 Hours) * iKuw Adobe Acrobat 9 Professional, 4/16/2011 (12 Hours) * ASFMRA AFO/CAFO, 2/9/11, Bozeman, MT (4 Hours) * ASFMRA- Ag Trends in Ag Finance, 2/9/11, Bozeman, MT (2 Hours) * McKissock-Appraising Manufactured Homes, 9/8/11, Online, (7 Hours) *McKissock- Appraising FHA Today, 9/7/11, Online, (7 Hours) *GIS for Real Estate and Appraisal, 2/8/2012 Billings, MT (4 Hours) * Montana Access and Easement Law, 2/8/2012 Billings, MT (4 Hours) * A-114, 2012-2013 USPAP Update Course 2/7/2012 , Billings, MT (7 Hours)

EXPERIENCES

JK Appraisal & Consulting, LLC: Belgrade, MT Owner, President, (11/07 to Current)

* Responsibilities encompass all aspects of appraising duties. Specializing in agriculture, recreational, and other types of rural properties, including Federal acquisitions compliant with Uniform Standards for Federal Land Acquisitions a.k.a. Yellow Book appraisals; rural properties, inholdings, & conservation easements; Full narratives and Ag-Ware Form reports.

Associate Appraiser: Associate Appraiser with Terra Western Associates (11/07 to Current)
Bozeman, MT

* Responsibilities encompass all aspects of appraising duties. Specializing in agricultural, recreational, conservation easements, and other types of rural properties. Services include real estate appraisal, financial feasibility consulting, cash flow projections, and day-to-day management consulting.

Qualified Appraiser: United State Forest Service, Bozeman, MT (3/00- 10/12/07)

* Responsibilities encompassed all aspects of appraising duties. Specializing in Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) Appraisals for Federal acquisitions, land exchanges, right-of-ways, and inholdings.

Apprentice Appraiser: Hall-Widdoss & Co., Inc. South Dakota (8/98-3/2000)

* Hall-Widdoss & Co., Inc. has been conducting business since 1983. Covering the States of Montana, Idaho, Wyoming, Nebraska, and the Dakotas. The firm specializes in urban investment property, agriculture, recreational, and subdivision land appraisals. Appraisal work involved market value estimates for commercial, industrial, rural, recreational, mountain development, gaming (casino), mineral, and residential properties. The firm also has a vast experience with government trades and acquisitions. My duties included the mapping of legal descriptions, entering, confirming, and analyzing sales data, collection of courthouse information, and general property research. I completed numerous residential appraisals, aided with the development of appraisals performed for proposed acquisition/condemnation by DM&E Railroad; surface rights appraisals for Peabody Coal Company and various others. These included farms, ranches, and rural properties in Wyoming and South Dakota. I held South Dakota license number 666SR-2002 as a State Registered Appraiser

Apprentice Appraiser: Agribiz Appraisal & Consulting, Inc., Kim Colvin, ARA, President;
Luther Appraisal Services, George Luther, Jr., ARA.

*Subcontracted to perform basic appraisal duties. Researching sales, mapping of legal descriptions, proof reading reports, verifying sales with buyers, sellers, and agents. Also performed courthouse research, as well as, meeting with realtors to obtain sales information. Began to perform rural appraisals, using the three approaches to value.

Apprentice Appraiser: O'Neil & Co.: (1/98-7/98)

* During my employment I researched recent sales through the use of the Multiple Listing Service and the courthouse. I assisted in several appraisals by helping with measurements, pictures, and walk through of the subject property. I also observed and participated in the development of reports. I learned how to determine soil quality and productivity through the use of soil surveys and aerial photos.

KIM C. COLVIN, MA, ARA
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Bozeman, MT 59719
Montana Certified General #174
Wyoming Certified General #424
Montana Licensed Real Estate Agent #11358
406/539-4924 cell - 406/522-9844 office
kim@terrawestern.com

TERRA WESTERN ASSOCIATES, INC., Bozeman, Montana 1999 to present
OWNER, PRESIDENT

Provides independent real estate and financial consulting to a variety of individuals and entities. Specializing in agricultural, recreational and other types of rural properties. Services include real estate appraisal, financial feasibility consulting, cash flow projections, and due diligence work. Ms. Colvin specializes in rural property valuation on properties such as the following:

- dairies
- conservation easements
- irrigated & dryland farms
- improved suburban tracts
- land divisions
- chattels
- land exchanges
- livestock ranches
- divorce settlement
- recreational land
- litigation support
- cash flow projections
- misc. acreage tracts
- rural subdivisions
- wildlife habitat
- Yellow Book Appraisal
- estate settlement
- feasibility studies

ML PROPERTIES, Big Timber, Montana 2005 to Present

Sales Associate - Have had real estate sales license since 1999. This license is now associated with ML Properties in Big Timber, Montana. Sales of rural real estate, due diligence for buyers, and sellers, and real estate consulting.

NORMAN C. WHEELER AND ASSOCIATES, Bozeman, Montana 1999 to 2005
SENIOR ASSOCIATE APPRAISER, AGRICULTURAL CONSULTANT

Associated with the company in March of 1999 as a senior associate appraiser. Norman C. Wheeler and Associates is a 52-year-old appraisal and consulting firm with offices in Bozeman and Sheridan, Montana. Professional staff employed by the firm include four full time appraisers with four holding state general licenses as well as the designation of Accredited Rural Appraiser (ARA). Provided independent real estate and financial consulting. Specializing in agricultural, recreational and other types of rural properties. Services included real estate appraisal, financial feasibility consulting, cash flow projections and day-to-day management consulting.

HALL-WIDDOSS & COMPANY, Spearfish, South Dakota 1997 to 1999
ASSOCIATE APPRAISER, AGRICULTURAL CONSULTANT

Specializing in agricultural, intensive livestock operations including dairies and feedlots, ranches, and recreational properties. Appraisal work involves market value estimates for agricultural, commercial, rural, recreational, mountain development, and residential properties. The work performed is used for condemnation and other types of litigation, special-use agricultural valuations, financing for both proposed and existing properties, acquisitions, multi-state land exchanges, legal actions, and market studies.

INDEPENDENT FEE APPRAISER, Helena, MT - 1991 to 1998

Appraising rural properties consisting of ranches, recreational properties, dairies, diversified farming operations including row crops and permanent plantings, packing houses and rural residential subdivision properties. Also included some financial consulting. Work performed in Montana, California, South Dakota, Wyoming and several other western states.

SIERRA WESTERN AGRICULTURAL SERVICES, INC., Exeter, CA - 1989 to present
ASSOCIATE APPRAISER, AGRICULTURAL CONSULTANT

Appraising ranch and dairy real estate, farm equipment, cattle and growing crops. Prepare and monitor farm operating budgets and farm management skills for commercial banks, CPA's, attorneys and farming companies. Verify financial statement assets. Evaluate farm Net Operating Income for banks and investors, and farm property earning capacity for potential buyers. Conduct financial consulting for ongoing operations and debt restructure.

SECURITY PACIFIC NATIONAL BANK, Visalia, CA - 1984 to 1989
ASSISTANT VICE PRESIDENT

1988-1989: As Commercial Loan Officer for Visalia Dairy Industries Center, performed as lead officer in a wide range of financial management and business development responsibilities. Clients consisted of dairy operations, dairies with extensive farming operations, creameries. Managed production loan portfolio of \$17 Million.

1984-1988: Served as A.V.P. Dairy Specialist, responsible for a wide range of financial and managerial customer evaluations in direct support of the bank credit officer: appraisal of agricultural real estate, dairy cattle, feedstuffs and farm equipment. Performed cash flow analyses and projections for dairy farms and general agricultural crops. Accounts consisted of farms and dairies located in California, Arizona, Oregon and Nevada. Also performed analyses and cash flows for operations with deciduous fruit, nuts and row crops.

MADDOX DAIRY, Burrell, CA - 1981 to 1984
YOUNGSTOCK MANAGER

Responsible for supervision of ongoing calf operation, supervising up to 3,600 head of youngstock, six employees, feed rations, record-keeping, veterinary treatments and maintenance of facilities. Mortality rate on 4,100 calves raised (0-2 mos) over two years - 1.0%

CAL POLY FOUNDATION DAIRY - San Luis Obispo, CA - 1977 to 1981

Held various positions, including Herdsman's Assistant, calf feeder, milker and maternity manager.

EDUCATION

B.S. Cal Poly, San Luis Obispo, June 1981, Dairy Science
Senior Thesis - Progesterone Levels as an Indicator of Pregnancy in Dairy Cattle
Carnation Genetics Artificial Insemination School
College of Sequoias, Visalia, CA - Accounting 1A, 1B
American Bankers Association -- Financial Statement Analysis;
Commercial Analysis for Lenders -- USC Advanced Financial Management
Pacifica Graduate Institute - August 2008 - M.A. Depth Psychology
Pacifica Graduate Institute - PhD. Program in Depth Psychology. Expected completion 2010.

APPRAISAL COURSES COMPLETED

Report Writing (1989), Fundamentals of Rural Appraisal (A10, 1991), Principles of Rural Appraisal (A20, 1991), Advanced Rural Appraisal (A30, 1992), Eminent Domain (A25, 1992), Standards & Ethics (A12), 1991, 1994, 1997, Income Approach Capitalization Unleveraged (A18, 1995), Environmental Seminar, (1994), Open Forum on Public Interest Value, (1994), Lease Valuation Seminar (1998), Appraisal Electronic Spreadsheet Seminar, (1998), Conservation Easement Appraisal (1998), PAASD Building Measurement and Computer Tools Seminar (1998), Appraisal Institute Ethics 420 (1998), Appraisal Institute Standards & Ethics 410 (1999), Fundamentals of Real Estate, Connole-Morton (1999), Federal Land Acquisitions and Exchanges (Yellow Book) (2000). Fundamentals of Real Estate, Connole-Morton, (1999), Real Estate Ethics, Connole-Morton (2000), Is the Comparable Comparable? IFA (2002), Appraisal Review - Residential 7 hours (AI, 2002), Appraisal Review - General 7 hours (AI, 2002). Risk in Real Estate, Connole-Morton (2002), ASFMRA Ethics (2003), USPAP 7 Hr Course ASFMRA (2003). IFA Manufactured Housing (2004), IFA Defects in Residences (2004), IFA Land Use (2004), 7 Hour USPAP Course (2005), Appraisal Institute Mapping Course (2005), Appraisal Institute 2005 URAR Update C (2005). USPAP 7 Hour Update (2006), Discounting and Leases Seminar (2006), 4 hour mandatory Real Estate Licensing Update and 8 Hours of continuing education Connole-Morton (2006). Montana Economic Conference (2007), IFA Easements and Licenses (2007), ASFMRA Appraisal Review (2007) 16 hours, ASFMRA

Appraisal Review Under USPAP 22 hours (2007). 4 hour mandatory Real Estate Licensing Update and 8 Hours of continuing education Connole-Morton (2007). Valuation of Conservation Easements 33 hour Certification Course – AI, ASFMRA, ASA, LTA (2008). ASFMRA Code of Ethics 4 hours (2008). Credit Crisis Continuing Education Connole-Morton 8 hours (2008). Gallatin Association of Realtors 4 hr Ethics Course (2008). ASFMRA Requirements of UASFLA – The “Yellow Book” (2008). Appraisal Institute USPAP 7 hr Update Course (2009). 4 hour mandatory Real Estate Licensing Update and 8 Hours of continuing Education Connole-Morton RE School (2009). Wind Powered Electric Generator Course ASFMRA (10/2009), ASFMRA Cost Estimating Seminar (1/2010), ASFMRA 7 hr USPAP Update Course (1/2010). ASFMRA Sales Comparison Approach Seminar (1/2011), AFO/CAFO Seminar (1/2011), River and Roads Seminar (1/2011). Montana Conservation Easement Conference for Financial Professionals (10/2011). 7 Hour USPAP Update Course (2/2012). Montana Access and Easement Law (2/2012). Montana GIS Cadastral Course (2/2012).

CIVIC AND PROFESSIONAL INVOLVEMENT

National Dairy Shrine Member; Accredited Member of the American Society of Farm Managers and Rural Appraisers (ARA); Montana Farm Bureau Member; National Mentor Chair for ASFMRA 1995-1998; 1998-99 ASFMRA Accrediting Committee member; Regional Appraisal Review Committee Chair; State legislative Committee Chairman and Real Estate Board Liaison for ASFMRA (4 years). Past State Mentor for Chapter. Past Montana ASFMRA State Chapter President (1995), Vice President and Director. Associate member of the Appraisal Institute, Member of University of Montana Western Advisory Board (2002). Sweet Grass County High School Booster Club Member (2008). Crazy Mountain Stock Grower’s Association (2008-2010) Sweet Grass County Wool Grower’s (2008-2010). Member of the Southwest Montana Farm and Ranch Brokers (ongoing). Member of the Southwest Montana Multiple Listing Service.

Uniform Agricultural Appraisal Report

EFFECTIVE DATE: February 13, 2013

Department of Natural Resources & Conservation (DNRC)

Sale # 336

637.84 Acres

Broadwater County, MT



Prepared For:

DNRC-TLMD

Attn: Emily Cooper

Intended User:

State of Montana

Montana Board of Land Commissioners

Department of Natural Resources & Conservation (DNRC)

Prepared By:

Terra Western Associates

P.O. Box 11950

Bozeman, MT 59719

Kim C. Colvin, ARA & Katie Rickett, ARA

Date Prepared:

February 14, 2013

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Uniform Agricultural Appraisal Report

Property Identification

Owner/Occupant:	State of Montana		Total Deeded Acres:	637.84
Property Address:			Effective Unit Size:	637.84
State/County:	Montana	/ Broadwater	Zip Code:	59644
Property Location:	8 miles Northwest of Three Forks, MT		Property Code #:	
Highest & Best Use:	Rural Investment	"As If" Vacant	FAMC Comd'ty Gp:	
	N/A	"As Improved"	Primary Land Type:	Rangeland
Zoning:	None		Primary Commodity:	Cow/Calf
Unit Type:	<input type="checkbox"/> Economic Sized Unit	<input checked="" type="checkbox"/> Supplemental/Add-On Unit		
FEMA Community #	300145	FEMA Map #	0015A	FEMA Zone/Date:
				2/9/1982
Legal Description:	All SEC 16 TWP 3N RNG 2E Attached <input type="checkbox"/>			
Purpose of Report:	Develop an opinion of value for possible sale of subject property.			
Use/Intended User(s):	Decision Making for possible sale/State of Montana, Montana Board of Land Commissioners, & DNRC			
Rights Appraised:	Fee Simple excluding reservations, easements, conveyances, restrictions, and encumbrances of record.			
Value Definition:	Attached <input checked="" type="checkbox"/>			
Assignment:	Complete Appraisal	Report Type:	Summary	
Extent of Process/Scope of Work: Katie Rickett, ARA inspected the subject property on February 13, 2013. Market data was researched through local courthouse records, realtors, and other market participants knowledgeable of the local market. Total acres are calculated from the Montana Cadastral Web-site and confirmed with the county assessor and legal description. Additional property and market data was researched and obtained from the DNRC web-site as well as the NRCS web-site. The sales were inspected and analyzed to arrive at an estimated value. Appropriate approaches to value were implemented.				

Summary of Facts and Conclusions

Appraisal Report Summary

Date of Inspection:	02/13/13	Effective Date of Appraisal:	02/13/13
Value Indication	- Cost Approach: \$ - Income Approach: \$ - Sales Comparison Approach: \$ See Page 26		
Opinion of Value:	(Estimated Marketing Time 12-18 months) \$ See Page 25		
Cost of Repairs:	\$	Cost of Additions:	\$
Allocation:	Land: \$ \$ 0 / (0 %) Land Improvements: \$ \$ 0 / (0 %) Structural Improvement Contribution: \$ \$ 0 / (0 %) Non-Realty Items: \$ \$ 0 / (0 %) Leased Fee Value (Remaining term of encumbrance) \$ \$ 0 / (0 %) Leasehold Value: \$ \$ 0 / (0 %) Overall Value: \$ \$ 0 / (100 %)		
Income and Other Data Summary:	<input checked="" type="checkbox"/> Cash Rent	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator
Income Multiplier ()	Income Estimate: \$ 0.00 / (unit)		
Expense Ratio %	Expense Estimate: \$ 0.00 / (unit)		
Overall Cap Rate: %	Net Property Income: \$ 0.00 / (unit)		

Area-Regional-Market Area Data and Trends:

	Above Avg.	Avg.	Below Avg.	N/A
Value Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Activity Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Compatability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Development Potential	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Subject Property Rating:

	Above Avg.	Avg.	Below Avg.	N/A
Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soil Quality/Productivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improvement Rating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rentability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Property Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

USPAP, Organizational, or Other Requirements

Report Type: Summary**Date of Inspection:** 02/13/13**Date of Value Opinion:** 02/13/13**Date of Report:**

Scope of Work *(Describe the amount and type of information researched and the analysis applied in this assignment. The Scope of Work includes, but is not limited to the degree and extent of the property inspection; the extent of research into physical and economic factors affecting the property; the extent of data research; and the type and extent of analysis applied to arrive at the opinions or conclusions. Additionally, describe sales availability & ability to demonstrate market - "as vacant" - and "as improved" if applicable - or describe sales available to form value opinion "as completed" or proposed if requested; describe income sources and ability of income to support existing or proposed construction; discuss extent of third party verification of RCN, if applicable.):*

This appraisal was performed according to the specific guidelines set forth by the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. All three approaches to value were considered and developed. All opinions of value contained herein were derived in compliance with the specific guidelines aforementioned, using a level of analysis sufficient to constitute an appraisal that complies with the reporting requirements for a Summary Appraisal Report as set forth under Standards Rule 2-2(b). This appraisal also conforms to the Code of Professional Ethics and Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.

Existing land regulations were analyzed, neighborhood trends, market demand for the existing use of the subject property; as well as alternative uses, the physical characteristics of the property, and the highest and best use. The property's legal description, acreage, tax assessment, ownership history, improvements, and zoning information were verified with Broadwater County records. The water rights appurtenant to the subject property were researched at the Montana State internet website of the Department of Natural Resources & Conservation (DNRC), and soil information was gathered from the National Cooperative Soil Survey maintained by the Natural Resources and Conservation Service (NRCS) web-site. Numerous publications and periodicals, referenced within the body of this appraisal report were consulted for information regarding such factors as soil properties, vegetative range types, building construction costs, and building depreciation. In addition to information contained within our office files, the appraisers searched the local area and competing areas for the most recent sales data in the subject area.

A number of area property owners, real estate brokers, and other appraisers knowledgeable of this market were contacted in order to secure comparable sales data. All sales were verified with the buyer, seller, agents, or other parties having knowledge of the transaction.

Subject Property Sale & Marketing History: *(Analyze and report any agreements of sale, options, or current listings as of the date of the appraisal - and all sales within three (3) years prior to the effective date of appraisal. For UASFLA assignments, report the details of the LAST SALE OF THE SUBJECT - no matter when it occurred):* No deed in relation to the subject property could be found at the Broadwater court house.

Market Conditions *(Volume of Competing Listings, Volume of Sales, Amenities Sought by Buyers):* activity (Sales and Listings) than in previous years.

The area market is starting to see more

Approaches to Value *(Explain Approaches Used and/or Omitted):* All three approaches to value have been considered for the subject property, however, the Sales Comparison Approach is the only approach that is felt to be reliable enough to use in this particular market. Rural Investment properties in the market area do not have any viable economic use relative to rental values. As described, while some are used for agricultural grazing the fees generated by such uses do not justify, nor are they relevant to, an economic valuation of properties, and cannot support land values commanded in this investment oriented market. As such, a valuation of the subject property by the Income Approach is not applicable. Since the subject property has only one land class, rangeland and is not improved, the Cost Approach would be a redundancy of the Sales Comparison Approach and thus is not applicable in this appraisal.

Additional Comments

Continued from Scope of Work :

Comparable sales were inspected to the extent possible. Trespass was avoided and owner permission was obtained when feasible. At a minimum, a "drive-by" inspection was made along public roadways. Montana is a nondisclosure state; thus, aside from sale notices or deeds, no sales data is of record. No sale prices are reported and the Appraiser must personally confirm sale values. I have made a diligent effort to correctly ascertain the circumstances and values surrounding each sale, and data provided by professional third parties is considered reliable. The investigation of this appraisal report included confirmation of sales with buyers, sellers, real estate professionals, plus inspecting each sale.

The photographs in this report are digital photographs and were not changed or manipulated in any manner. Information on market data was gathered, confirmed, and analyzed. Data relating to the subject was also analyzed and gathered. The Sales Comparison, Cost, and Income Approaches to value were considered. To develop the opinion of value, I performed a complete appraisal process as defined by the current USPAP under the summary appraisal reporting Rule 2-2(b). In developing a summary appraisal report, an appraiser uses or considered all applicable approaches to value, and the value conclusion reflects all known information about the subject property, market conditions, and all pertinent available data.

USPAP includes a competency provision that states:

The Uniform Standards of Professional Appraisal Practice (USPAP) require that prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience necessary to complete the assignment competently; or alternatively:

1. Disclose the lack of knowledge and/or experience to the client before accepting the assignment;
2. Take all steps necessary or appropriate to complete the assignment competently; and
3. Describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

Katie Rickett, ARA has been involved in the appraisal of rural real estate in the State of Montana, South Dakota, and North Dakota since 1998 and Kim C. Colvin, ARA has been appraising in this area for 25 years. We are familiar with the geographic area in which the subject property is located and understand the nuances of the local market and the supply and demand factors related to the specific property type and the location involved. We have been engaged in many appraisal assignments involving properties similar to the subject property and believe we are qualified and competent on the basis of our knowledge and experience to complete this assignment competently. Please refer to our qualifications, which are attached in the Addenda of this report.

As Instructed, we are appraising the subject property under a **Hypothetical Condition**. A **Hypothetical Condition** is defined by the Uniform Standards of Professional Appraisal Practice as:

" 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 the purpose of analysis."

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

The appraisers have been instructed to appraise the subject property as having legal access and "as-is" with out legal access. The subject property is landlocked and does not have any legal road access to the property.

MARKET VALUE DEFINITION

Regulations published by federal regulatory agencies pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Other:

EXPOSURE AND MARKETING TIME ESTIMATES

Market value (see above definition) conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

In applying the market value definition to this appraisal, a reasonable exposure time of 12-18 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to **precede** the effective date of the appraisal.

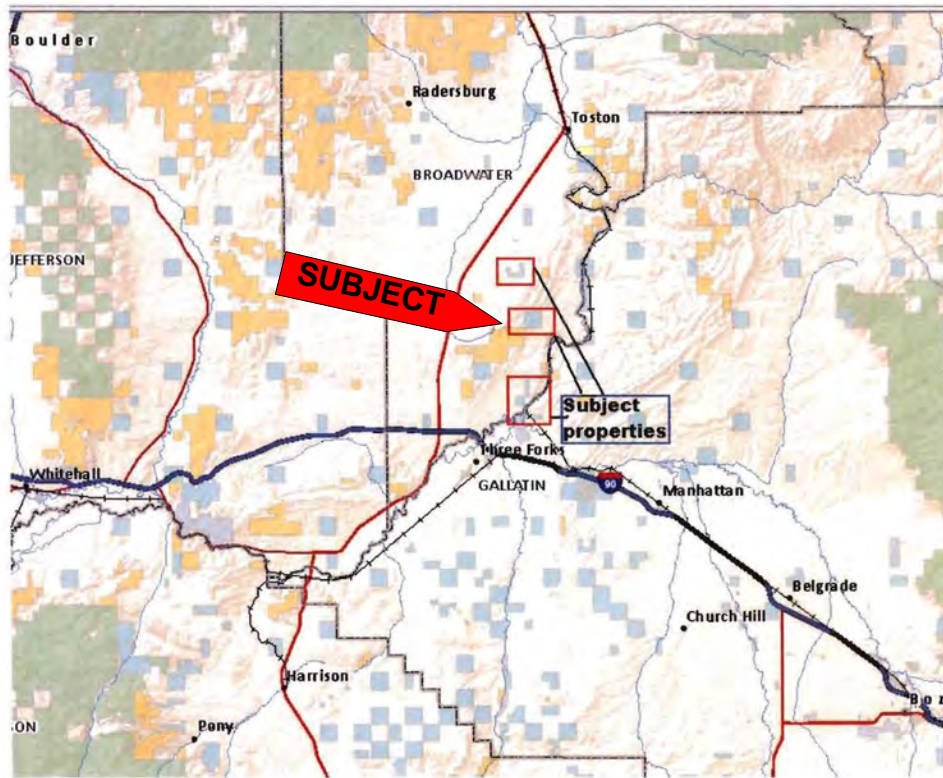
Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period **after** the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 12-18 months.

Comments:

Area-Regional Description	Area-Regional Boundary: Broadwater, Gallatin, and Jefferson County		On and Off Property:																																					
	Major Commodities: Hay, Beef Cattle, Barley, and Wheat		<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Up</td> <td style="text-align: center;">Stable</td> <td style="text-align: center;">Down</td> </tr> <tr> <td>Value Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Population Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Employment Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>					Up	Stable	Down	Value Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sales Activity Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Population Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Employment Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>														
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Market Availability:		<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Under Supply</td> <td style="text-align: center;">Balanced</td> <td style="text-align: center;">Over Supply</td> <td style="text-align: center;">No Influence</td> </tr> <tr> <td>Cropland Units:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Livestock Units:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Recreational Tracts:</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>					Under Supply	Balanced	Over Supply	No Influence	Cropland Units:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Livestock Units:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Recreational Tracts:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Forces of Value: <i>(Discuss social, economic, governmental, and environmental forces.)</i> Montana's 2012 census estimated a population of 1,005,141 people residing in the state (rural 640,739 and urban 348,676), an increase of 9.7% over 2000. Population density measuring people per square mile was 6.8, dropping from 48th to 49th nationally. The total land area of Montana is approximately 145,388 square miles or over 93 million acres, with 64.1% of the state contained in farm and ranch lands, a total of 29,400 farms, averaging 2,068 acres, as reported from USDA in 2010. Montana's 2011 agricultural sector output was approximately 4.2 billion dollars, and the states number one industry. It is estimated that 80% of Montana's population is employed by agriculture and small businesses, which constitute 90% of the state's business community. Of these small businesses, 80% have one or two owners and less than ten employees. The state of Montana owns approximately 6% of the state lands, and the federal government owns 29.1%. Indian reservations hold 5.3% of the state, with the remaining 58.7% privately held, with the remaining 0.8% being water. Of the 29.1% federal ownership, approximately 18% is under National Forest Service control, with 8.7% under the Bureau of Land Management and approximately 3% contained in national Madison and other divisions.																																								
Exposure Time: 12-18 months. <i>(See attached definition and discussion)</i>																																								
Market Area Description	Specific Market Area Boundaries: Southern Broadwater County																																							
	Market Area:			Market Area:																																				
	Type	Rural <input checked="" type="checkbox"/>	Suburb <input type="checkbox"/>	Urban <input type="checkbox"/>	Above Avg. <input type="checkbox"/>	Avg. <input checked="" type="checkbox"/>	Below Avg. <input type="checkbox"/>	N/A <input type="checkbox"/>																																
	Value Trend	Up <input type="checkbox"/>	Stable <input type="checkbox"/>	Down <input checked="" type="checkbox"/>	Property Compatability	Above Avg. <input type="checkbox"/>	Avg. <input checked="" type="checkbox"/>	Below Avg. <input type="checkbox"/>	N/A <input type="checkbox"/>																															
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Analysis/Comments: <i>(Discuss positive and negative aspects of market area.)</i> In 2010 Broadwater County had a population of 5,612 people, which is a 9.7% increase from the 2000 census, and was a 32% increase from the 1990 census. This 9.7% increase in population was mostly rural, since Townsend grew only 1% since the 2000 census. Broadwater County has been facing substantial growth since the 1980's. Growth pressures from a growing Helena affect the north end of the county; growth in Three Forks and Gallatin County is impacting the south end of the county; private lands in Deep Creek, the west slopes of the Big Belt Mountains, the Canyon Ferry Lake and the Missouri River areas and the east slope of the Elkhorn Mountains have amenities that typically are attracting growth. Several communities in the Broadwater County need revitalizing. In 2000 the county experienced serious wildfires that burned thousands of acres. Virtually all residents of the county are affected by either growth pressures, deteriorated communities, or a stressed economy.																																								
Continue on Pages 7-13																																								

Map Addendum

Location Map of Parcel



AREA & REGIONAL DATA

BROADWATER COUNTY

1. Location

Broadwater County is located in southwest Montana. It is bordered on the north by Lewis and Clark County, on the east by Meagher County, on the south by Gallatin County, and on the west by Jefferson County. The County includes 1,239 square miles, of which, 1,191 is in the form of land and 48 square miles are water. The county is mountainous with the valley area used for agriculture. Elevations range from 9472 feet on the top of Mount Baldy to the average valley elevation of 3800 feet. The Big Belt Mountains run along the eastern border, and the Elkhorn Mountains form the western boundary. The Missouri River flows through the county from south to north, offering both irrigation for crops and recreational opportunities. Canyon Ferry Lake covers approximately 35,000 acres in the northern part of the county, is the third largest lake in the state, and the lake shore is federally owned. Canyon Ferry Lake is Broadwater County's major asset, for its power generation, crop irrigation, and recreational capabilities.

Broadwater County's 796,000 acres, the land usage is as follows:

Private Lands	65%	515,000 acres
Grazing	41%	326,000 ac
Dry Crop	10%	77,000 ac
Irrigated	8%	46,000 ac
Timber - private	4%	35,000 ac
Other - urban, utilities	2%	20,000 ac
State Lands	3%	24,500 acres
Federal Lands	32%	257,500 acres

Broadwater County located between the major cities of Helena and Bozeman, with potential markets for Broadwater County goods and services. The county is also located on the route between Bozeman and Helena, which offers potential for travel and tourist commerce, not to mention the County's amenities for recreational activities.

2. Water Sources

Broadwater County is fortunate to have abundant water resources, by Montana standards, which makes irrigated crop land a major factor in the county's agricultural economy. Water is obtained from both surface water diversions and from groundwater development.

The Missouri River, which flows south to north through the county, is the key surface water source. Toston Dam on the Missouri, located approximately four miles south of the community of Toston, provides water for the Broadwater Missouri Diversion Project. This project furnishes water to irrigate crop lands along both sides of the river through two canals. The west side canal is 15 miles in length, running northwest of Toston. The east side canal passes to the east of Townsend, and continues up the east side of Canyon Ferry Lake, ending at Duck Creek. Total length of the east side canal is 35 miles. Together the two canals irrigate approximately 22,000 acres.

Big Spring Ditch flows out of Big Spring south of Toston, running six miles and ending at Dry Creek. This canal irrigates 2,200 acres.

Another surface water diversion from the Missouri River is the Montana Ditch. Its point of diversion is on the east bank of the river about two miles south of Townsend. It carries water to the east of Townsend and flows into Canyon Ferry Lake seven miles north of Townsend.

In the 1950's the U.S. Bureau of Reclamation constructed the Canyon Ferry Dam for power generation and irrigation. The resulting reservoir, Canyon Ferry Lake, has become a major feature of Broadwater County, covering 35,000 acres. Approximately 5,000 acres of productive agricultural land was inundated by the reservoir. As restitution for the lost prime agricultural acreage, the Bureau of Reclamation created the Crow Creek Pump Unit, an irrigation development system with a series of canals, ditches and pumps to provide irrigation water to previously dry crop lands within the valley.

Most of the new water development in the county has been for sprinkler irrigation. In addition, much of the previously flood-irrigated lands have come under sprinkler irrigation. Sprinkler irrigation systems are more efficient than flood irrigation, thereby making water available to irrigate additional lands. Sprinkler irrigation can affect ground water levels and quantities, aquifer recharge, and sub-irrigation. Approximately 46,000 acres of crop land in Broadwater County are currently irrigated. Irrigated lands have and will most likely continue to be used for hay, pasture, wheat, barley, and potatoes.

Additional Comments

3. Transportation

The Townsend Airport is located on City- County-owned land, and serves as the base for approximately 12 general aviation single-engine aircraft, and is used for general aviation, air taxi services, and military use by the National Guard. The airport uses a 4,000' long by 60' asphalt runway and includes a pilot's lounge, private hangers, and a camping area for overnight stays. The airport stages an annual fly-in on July 4, bringing in 50-60 aircraft along with pilots and passengers. Recent improvements at the airport include the installation of precision approach lights and the addition of five hangers since 2000. Two new businesses have also been established - an aircraft repair service and an aircraft sales business. County's transportation corridors provide access to areas throughout the United States and Canada.

Gallatin Field, 43 miles from the subject property, accommodates four airlines (Delta, Northwest, United and Horizon) providing a minimum of two flights per day each, Broadwater County has good air service in comparison to other population centers in Montana. Connections to major hubs at Salt Lake City, Spokane, and Minneapolis help to support a growing community of business commuters residing in Broadwater County. The Gallatin Regional Airport is being doubled in size with a completion date of this summer, 2011.

The county road department maintains approximately 670 miles of county roads. The department employs a county road supervisor and three additional employees. Since the Montana Department of Transportation assumed maintenance responsibilities for secondary state highways in 1997, the road department has no paved roads to maintain.

4. Social Forces

Heritage and Ethnic Groupings: Broadwater County contains a wide variety of ethnic groupings.

5. Area Prestige

The county has extensive acreage of irrigated crop, hay and pasture lands that contribute significantly to the county economy. Ample water is available in the county for irrigation and industrial use. The county has extensive timber and agricultural resources, from which value-added processing can be promoted. The Montana Railink Railroad provides important rail transportation of goods to and from Broadwater County. The climate is moderate, making the county an appealing and attractive place for visitors, retirees and prospective entrepreneurs. The county population has been growing steadily, which helps support local businesses and business growth. Many of the incoming new residents favor strong local economies and communities with appealing environments and life styles. Broadwater County has a growing professional business sector - finance, insurance, accounting, and health/medical care - that attracts out-of-county customers and strengthens the economy. The county is close to Helena and Bozeman, major cities with potential markets for Broadwater County goods and services. Also, the county is located on the route between Bozeman and Helena, which offers potential for travel and tourist commerce.

Broadwater County's lakes, rivers and streams support outstanding fisheries that attract anglers from all over the region. Canyon Ferry Lake and the Missouri River produces rainbow, brown, brook and cutthroat trout, walleye, whitefish and perch. The resident and non-resident fishing supports boat dealerships, sporting goods stores, tackle shops and outfitting. The county has abundant wildlife that supports hunting, and bird/wildlife watching. The Big Belt and Elkhorn Mountains provide excellent mule deer and elk habitat. Whitetail deer thrive along the Missouri River and in bottomlands. Mountain goats occur in the Big Belts, and a population of antelope range between Townsend and Winston. The Bureau of Reclamation constructed dust-control ponds and in cooperation with Montana Fish, Wildlife and Parks manages the ponds to produce excellent habitat for waterfowl and shorebirds. The Canyon Ferry Wildlife Management Area provides outstanding hunting for big game, pheasants and water fowl, as well as opportunities for watching bird and wildlife. The Indian Creek campground and ponds have been developed into a very attractive recreation facility that is enjoyed by both local residents and travelers.

The Lewis and Clark expedition up the Missouri river in 1805 provides opportunities for Broadwater County. The expedition traveled up the Missouri River from the Gates of the Mountains to the three forks of the Missouri River, making significant journal entries, in what is now Broadwater County. Residents of Broadwater and Gallatin Counties, with state and federal agencies, have developed historical points and features commemorating the Corps of Discovery.

The Headwaters State Park, across the river from Broadwater County, has become a well-known historical place commemorating the Corps of Discover. Interpretive signs at Toston Dam explaining the Lewis and Clark expedition are important tourist information attractions. In 2002, local residents erected a plaque to mark the Crimson Bluffs, a feature southwest of Townsend cited in the Lewis and Clark journals.

Additional Comments

6. Economic Forces

Broadwater County's economic revenue is healthier than some other counties, due to the type of property taxed or class of taxable valuation. Under Montana law, utilities have a tax rate of 12%, railroads have a tax base of 4.27%, and residential, commercial, industrial, and agricultural properties have a tax rate of 3.6% or less. Utilities and railroads are the largest contributors to the county property tax, due largely to a privately-owned electric power transmission line that crosses Broadwater County from east to west, and the mainline of the Montana RailLink railroad located in the county. Residential property is the second largest contributor to the property tax base and agriculture is the third.

The economic health of Broadwater County has historically been tied to the area's resources, including agricultural land, timber, and minerals. The timber resource is at a critical juncture, where decades of fire suppression and drought have combined to create extensive stands of beetle-killed trees, but market forces have forced sawmills and pulp plants to close. Opportunities exist for economic development based on the use of woody biomass material removed from forest restoration activities, such as wildfire hazardous fuel treatments, insect and disease mitigation, forest management due to catastrophic weather events, and/or thinning overstocked stands. Closing of these sawmills and pulp plants have forced the BCDC to become innovative and purchase equipment to produce a recycled woody biomass pellet, as an alternative energy source. This alternative energy source, since natural gas available is limited in the area, is hoping to become a cost effective lure for commercial businesses to come to Broadwater County.

The lands immediately north and west of Townsend are located in the Missouri River floodplain, which also limits the opportunities for expansion of the community.

Two major mining firms operate in Broadwater County. Apollo Gold Corporation owns the Diamond Hill gold mine in the Elkhorns north of Townsend. GrayMont Western US, Inc., operates a lime mining and lime processing operation in the Elkhorn Mountains west of Townsend. Small scale mining operations occur sporadically on public and private land in the county.

TOWNSEND AREA

The community of Townsend is located in the heart of an expansive valley, between the Big Belt and Elkhorn Mountains, where the Missouri River opens into Canyon Ferry Reservoir and is Broadwater County, Montana. Townsend is the county seat, with a 2010 census population of 1878 people, which is an increase of only 1% from the 2000 census. Neighboring communities of Wheatland reported 568 people, Toston reported 108 people with a 3% increase (3 people), and Radersburg reported 66 people with a 4% increase (2 people).

The total housing units reported in 2010 for Townsend was 2,023, of which 79.7% were owner occupied, and 20.3% were rentals. Mobile homes accounted for 23% of the housing units in the county. Approximately 23% of the homes in Broadwater County were built in the 1990's; 33% were built before 1940. Nearly 16% of the homes heat with natural gas, (natural gas is not available in most of the county, only the extreme north and south ends), 45% heat with propane, kerosene or fuel oil, and 22% heat with wood stoves. There are 151 real estate properties listed for the week of August 13th, 2011, on a real estate website for the Townsend area. Of these listings, three are foreclosures and the average listing price for all properties is \$466,010, a decrease from \$561,000 a month earlier. House prices are generally depreciating about 1.0% per month at the present time. The real estate market has been very stagnate in the past year, with very few homes sold.

The Broadwater Health Center and Home Health, the Townsend Star - weekly newspaper, the Broadwater County Museum, the Old Baldy Golf Course, and other facilities and services are important assets to the community. Townsend, Toston, Winston and Radersburg boast historic buildings like the Canton Church and Canyon Ferry Mansion. Throughout the year, events like the Walleye Festival, County Fair and NRA Rodeo, Fall Fest, Cowboy Entertainer Gathering, and the Christmas Stroll; brings visitors and neighbors together for Townsend grew rapidly between 1864-1909, due to its location surrounded by mining, logging, farming and ranching, and the Northern Pacific Railway. As the mineral deposits were depleted, many miners turned to farming and ranching. Today, agriculture is the primary industry for the Townsend area, with the county's productive valley and abundance of water sources. Mining is still a major county industry, as well as timber, manufacturing, and recreation.

Additional Comments

HELENA AREA

Helena is the capital city for the state of Montana, with a 2010 population of 28,180 people. As the Montana's state capital, the steady employment provided by the government has allowed Helena to avoid, for the most part, the boom and bust cycles that have been common in most other Montana towns and cities. The steady government employment has also allowed Helena to remain quite prosperous by Montana standards. The city itself is alive with the community spirit, street festivals, theater, museums, symphonies, fairs and rodeos. It is the hub of education and health care, a city of timeless treasures and sophisticated services. Surrounding features include the Continental Divide, Mount Helena City Park, Spring Meadow Lake State Park, Lake Helena, Helena National Forest, the Big Belt Mountains, the Gates of the Mountains Wilderness, Sleeping Giant Wilderness Study Area, Bob Marshall Wilderness, Scapegoat Wilderness, the Missouri River, Canyon Ferry Lake, Holter Lake, Hauser Lake, and the Elkhorn Mountains.

The subject property would be considered part of the greater Helena community, and Helena provides primary services to the property. Helena lies in western Montana and represents a principal Montana city.

BOZEMAN AREA

The city of Bozeman is the Gallatin County seat, and the home of Montana State University. Bozeman had a population of 37,280 in the 2010 census, which is the fourth largest city in the state, a 32% increase in population in the past decade. Daily commercial air flights to major cities are served by three private airlines, out of Gallatin Field, located eight miles west of Bozeman, in Belgrade. Bozeman produces two quality local television stations and a daily newspaper, distributed throughout the Gallatin County and surrounding counties.

As delineated by maps accompanying this report, the subject property is located 50 miles to the northwest of Bozeman. The subject property would be considered part of the greater Bozeman community, and Bozeman provides primary services to the property. Bozeman lies in southwestern Montana and represents a principal Montana city.

The community in the general area of the subject property, as well as throughout western Montana, has changed in composition and population. In many communities such as the subject's, where agricultural use and ownerships have traditionally predominated, recent developments in the land market over the past ten to twenty years have increased the number and influence of alternative land users and property uses. Many counties of western Montana are growing in population; development within these areas, and particularly rural residential development, has been steadily increasing for the four year period of 2003-2008. Bozeman, Montana has been named the "Best Little City to Retire To," one of the "Top 10 Cities in the U.S. to live," the "Top Recreational City in America" and Outside Magazine quotes famous movie stars stating that Bozeman is the new place to be. There have been an influx of new residents who can sustain even in the coldest winters and the population is steadily growing due to the shifting "greener attitude" in the Gallatin County area. Bozeman was named the "Healthiest City in Montana" in a summer 2010 survey of health. It has become nationally and internationally known. The airport reports numerous travelers flying to Europe and other countries each day from the local Gallatin County and Bozeman areas.

7. Future

Broadwater County's population grew to 5,612 in 2010, and is projected to increase to 6,300 by 2030, or 29.8% over the 20-year period. As the county seat, business hub, and location of critical facilities for medical care and assisted living, Townsend can expect to grow at a rate higher than that shown over the last decade, reflecting growth in the county. The City can also expect to see the median age continue to climb, driven by both the aging of the indigenous population and an influx of older people moving to the area to take advantage of city services and relatively low housing costs in a rural setting. At this time, the population in Montana, notably in the western region of the state, is also seeing an increase, while the eastern region is seeing a decline.

Broadwater County and the city of Townsend have joined forces and resources to establish the Broadwater County Development Corporation (BCDC), which has developed a ten year economic plan for 'capital improvements' and 'capital maintenance' projects. This economic plan has five categories of need; Public Facilities, Public Safety, Healthcare, Transportation, and Economic Development.

Additional Comments

In the BCDC's planning report, they noted that, while the natural resources-based economy must be resurrected, the tourism-based sector of the area's economy should also be nurtured to draw people to the area, give them a reason to stop and stay for a time, and most importantly, give them an opportunity to spend money at local businesses. Montana Department of Transportation traffic counts for 2009 show that over 3,000 vehicles traverse the county each day on Highway 287, with even higher counts occurring between Townsend and Helena. The BCDC stated, due to the lack of natural gas to the Townsend area, this is prohibiting growth of the commercial industry. The BCDC is developing a renewable energy pilot project, using local woody biomass to provide an alternative energy source for residential and commercial customers.

8. Agriculture

Broadwater County is sustained by agriculture, mining, forestry, and tourism. According to the 2007 Montana agricultural census (latest data), Montana as a whole had 29,524 farms, up from 2002 which had 27,870 farms. Broadwater County, in 2007, had 302 farms, with the average farm size of 1,572 acres, compared to the state average farm size of 2,079 acres. Broadwater County's total acreage of 796,000 acres, sixty percent is in agriculture, and eight percent of that is irrigated land. Total farm and ranch assets for Montana were \$1.61 Billion with 29.3% in cropland, 65.9% in rangeland and pasture, 3.3% in woodland and 1.5% in other land resources.

Broadwater County's main commodities of Cattle, Winter and Spring Wheat, Barley, Potatoes, and Forage crops sold, in 2007, had a market value of 25.5 million dollars. Sixty percent of the commodities sold were crops, while forty percent were livestock commodities.

Broadwater County has abundant water resources for agriculture, compared to other Montana counties. The 2007 Montana Agriculture census shows that over 50% of Broadwater County's cropland was under irrigation and over 70% of the crop yield harvested was produced from the productivity of irrigation. Total cash receipts from harvested crops, 85% came from irrigated acreage. Irrigated land constitutes only 8% of the total agricultural acreage, but represents 39% of the taxable valuation of all agricultural acreage. Irrigated lands generate 28% of the total taxable value of agricultural property.

Recreational and Aesthetic Features

In the 1950's the U.S. Bureau of Reclamation constructed Canyon Ferry Dam just north of Broadwater County for power generation and irrigation. Hunting, fishing and recreation have a long history in Broadwater County, and the county is developing a strong recreation/travel industry. The Broadwater Rod and Gun Club, formed in 1902, to influence fish and game management in the area. The Club facilitated planting of pheasants and trout in the valley. They also planted 36 head of elk up Dry Creek in 1916, which established a successful elk population in the Big Belt Mountains. In addition to generating electric power and providing irrigation water, Canyon Ferry Lake provides recreation opportunities of state-wide significance. Lake fishing, ice fishing, boating, camping, and picnicking are major recreation activities associated with the reservoir, and has contributed to the basic travel and tourism economy of the county. In the 1970's, the U.S. Bureau of Reclamation constructed dust-control ponds on the south end of the reservoir near Townsend. In cooperation with the Montana Department of Fish, Wildlife and Parks (FWP), the dust-control ponds are also managed to facilitate waterfowl nesting, which has resulted in excellent, productive habitat for ducks, geese and many shorebirds. The adjacent FWP Wildlife Management Area complements the waterfowl habitat and provides outstanding hunting for big game, pheasants and waterfowl, as well as opportunities for watching and photographing wildlife. Canyon Ferry Lake and the Missouri River have developed a reputation as high quality fisheries. Canyon Ferry Lake, the Missouri River from Three Forks to Townsend, Helena National Forest, Big Belt Mountains, Elkhorn Mountains, and numerous streams and lakes, and a rich history are amenities that drive a strong recreation and tourist industry.

Educational and Cultural Activities

There are three public schools (K-12) available in Townsend and the new high school can now host athletic, academic and arts events for the students. Helena offers the State of Montana - College of Technology, Carroll College, the

University of Montana-Extension, and the Maddios Hairstyling and Cosmetology College. Bozeman has the Montana State University.

Additional Comments

Health Care

The Broadwater County Health Center and Home Health facility is classified as a Small Rural Hospital. The facility has 9 hospital beds and laboratory and X-ray services. The Health Center provides physical therapy and home health care. The facility includes a nursing home with 35 beds. The staff includes two physicians and a practitioner. The Health Center provides ambulance service in Broadwater County, which includes an ambulance and 15 emergency medical technicians. Broadwater County owns the physical plant, although the facility is operated by a private non-profit district board of directors. The facility employs 85 personnel, one of the largest employers in the county.

Zoning

There is no county zoning in the Townsend area of Broadwater County that affects the subject property, however, if building is being considered in the county a septic system permit is required by the county and a state plumbing and electrical permit is required as well.

Government Considerations

Montana State Data

Montana's 2010 census reported 989,415 people residing in the state (rural 640,739 and urban 348,676), an increase of 9.7% over 2000. Population density measuring people per square mile was 6.8, dropping from 48th to 49th nationally. The total land area of Montana is approximately 145,388 square miles or over 93 million acres, with 64.1% of the state contained in farm and ranch lands, a total of 29,400 farms, averaging 2,068 acres, as reported from USDA in 2010. Montana's 2011 agricultural sector output was approximately 4.2 billion dollars, and the states number one industry. It is estimated that 80% of Montana's population is employed by agriculture and small businesses, which constitute 90% of the state's business community. Of these small businesses, 80% have one or two owners and less than ten employees. The state of Montana owns approximately 6% of the state lands, and the federal government owns 29.1%. Indian reservations hold 5.3% of the state, with the remaining 58.7% privately held, with the remaining 0.8% being water. Of the 29.1% federal ownership, approximately 18% is under National Forest Service control, with 8.7% under the Bureau of Land Management and approximately 3% contained in national Madison and other divisions.

Taxes

The State of Montana, through the Department of Revenue, is responsible for valuing all taxable real estate and personal property in the state. This property valuation is accomplished by appraisal/assessment offices located in each County in Montana. The amount of property tax is determined by multiplying the assessed value by a tax rate, set by legislature, to determine its taxable value. Taxable value is then multiplied by the mill levy established by the various taxing jurisdictions- city and County government, school districts, and others- that provide services in the area.

Additional Comments

Climate:

The area climate is continental in nature, and has four distinct seasons. The state of Montana receives from 12 to 24 inches of annual precipitation, with more than two thirds of that amount expected to fall during the annual growing season. This period extends from early May to September, with most precipitation falling in the form of scattered afternoon thunderstorms occasionally accompanied by strong winds, lightning and hail.

Summers are warm and mild, with frequent afternoon thundershowers. The annual frost-free season lasts from 100 to 120 days in this area. Fall can extend to late October, and winter snows typically begin to fall in November. Several feet of snow can accumulate in the mountainous areas around the subject from November through February. Annual temperatures commonly vary from 85 degrees to 90 degrees above zero to minus 40 degrees Fahrenheit; however, such extremes are not typically of a long duration.

Generally, spring weather begins in March, and warm summers extend into September. Falls are cool, with little snow falling until November or December. Winters are generally cold, with occasional blizzards accompanied by high winds. Montana lies in the strong belt of westerly's, which move out of the Pacific Ocean and deposit much of their precipitation on the mountain ranges of the Pacific Northwest and Montana. The average storm track out of the semi-permanent Gulf of Alaska Low is across British Columbia and eastward across the prairie provinces of Alberta and Saskatchewan. When this weather regime is entrenched firmly over western North America, Pacific weather systems have already lost a considerable portion of their moisture on the coastal ranges before reaching Montana. The remaining precipitation is largely confined to the state's mountains.

Over most of Montana June is the wettest month, followed by May, with the exception of some areas of the northwest. The average rainy season is from May 20th through June 20th. The wettest week of the year is usually the first week of June. July and August are normally Montana's warmest months, and precipitation usually falls as showers during thunderstorms. A generalized rain pattern is quite rare. Also, a marked difference exists between the thunderstorms in July and August and those of May and June. The rainy season thunderstorms are associated with large-scale storm systems well endowed with moisture as well as strong temperature differences. The resulting heavy rains and hail can cover extensive areas of the state and often move from the east to the west, releasing torrential rains as they lift over the mountains. As the air masses become warmer and drier in July and August, the convective activity generally moves from the southwest to the northeast ahead of Pacific systems, with hail tracks tied to the topography of the state. July and August thunderstorms, while more scattered and often drier, may be destructive, with wind and hail. The higher bases of the clouds create "dry thunderstorms" and their accompanying vivid lightning, spectacular to viewers.

September in Montana is an obvious transition month and is extremely variable. Hot weather may end abruptly during the end of August or the first part of September as a major storm sweeps the state. The first snow may fall during the first week of September, and the growing season often ends with a sharp freeze. The east slopes of the Rockies experience an upsurge of precipitation, a "mini" wet season, which is very important in the sprouting of winter wheat.

October's normal temperature and precipitation can be rather surprising. October's Indian summer weather is often the most pleasant of the entire year, and temperatures are usually a little warmer than April. However, a vicious fall snowstorm, much like its cousin the April snowstorm, can also sweep the state. Some years October has been the driest month of the year. By November the annual intensification of the Gulf of Alaska Low is underway, and strong southwesterly winds associated with Pacific weather systems again sweep over the divide onto the plains. Arctic air deepens over northern Canada as the days shorten. The first major arctic outbreak with below-zero temperatures may reach the plains east of the divide during November, but normally it occurs the first week of December.

Additional Comments

Montana Agriculture

Montana's 60.2 million acres of farms and ranches ranks second in the nation behind Texas in total amount of land in agriculture. The total land area of Montana is approximately 145,388 square miles, with 64.1% of the state contained in farm and ranch lands. The farm population of the state, at 45,718, averages 0.4 people per farm.

Of the approximately 60 million acres in use as farm and ranch lands, 66% is comprised of rangeland, with 30% containing croplands (8.5 % irrigated). The total number of farms and ranches in the state of Montana has continually decreased since 1933, when there were 53,000 units. As of 2007 (the latest data available for Montana) it is estimated that there are approximately 29,500 farms and ranches located in the state. The average size of farms and ranches in the state is approximately 2,079 acres. A look at this 2011 agricultural production and inventory rankings shows Montana holds its own among states, according to USDA, National Agricultural Statistics Service, Montana Field Office. Montana ranked second for land in farms with 60.8 million acres in 2010. Texas ranked first with 130.4 million acres and Kansas ranked third with 46.2 million acres. Montana ranked thirty-first for number of farms with 29,400, while Texas ranked first with 247,500 farms. Montana ranked second behind Wyoming for average farm size with 2,068 acres.

Data from NASS March 1, 2012 updated report on Montana: Montana ranked third for all wheat production in 2011, accounting for 8.8% percent of the U.S. total, surpassed by North Dakota and Kansas. Montana ranked third for durum wheat, third for winter wheat, and second for other spring wheat production, accounting for 21.4 percent, 6.0 percent, and 16.3 percent, respectively, of the nation's total. For durum and spring wheat production, North Dakota ranked first. Kansas ranked first for winter wheat production, followed by Texas, Oklahoma, Washington, and Colorado. Montana accounted for 19.9 percent of the nation's barley, ranking third behind North Dakota and Idaho.

Montana ranked second, behind North Dakota, for flaxseed production, accounting for 7.5 percent of the nation's total. Montana ranked first in lentils and dry edible peas. With safflower production, accounting for 6.9 percent of the U.S. total. Montana ranked sixth for sugar beet production with 4.1 percent of the U.S. total, behind Minnesota, North Dakota, Idaho, and Michigan. Montana ranked third for 2011 for alfalfa hay production with 6.7 percent of the nation's total, behind California, South Dakota, and Idaho. Montana ranked eighth for all sheep and lamb inventory on January 1, 2012 with 225,000 head and 4.2 percent of the U.S. total. Montana ranked sixth for breeding sheep inventory with 210,000 head and 5.3 percent of the U.S. total. Montana ranked seventh for lamb crop with 205,000 head or 5.8 percent of 2012 the U.S. total, preceded by Texas, California, South Dakota, and Wyoming. Montana ranked eighth for wool production with 1.85 million pounds or 6.3 percent of the U.S. total. Montana's all cattle and calves inventory on January 1, 2012, ranked eleventh in the nation with 2.5 million head, or 2.8 percent of the U.S. inventory. Montana ranked ninth for all cows with 1.47 million head, accounting for 3.8 percent of the U.S. total, and sixth for beef cows with 1.456 million head, accounting for 4.9 percent of the U.S. inventory. Montana ranked seventh for calf crop with 1.47 million head, accounting for 4.2 percent of the U.S. total.

Montana beekeepers produced 13.34 million pounds of honey or 9.0 percent of the nation's total in 2011, placing Montana in fourth place among the states.

Montana's Rank in the Nation's Agriculture

ITEM	TOTAL	UNIT	PERIOD OR DATE	RANK	% U.S. Total
Number of farms and ranches	29,400	farms/ranches	2010	31	1.3
Land in farms and ranches	60,800,000	acres	2010	2	6.6
Average Farm Size	2,068	acres	2010	3	N/A
INCOME FROM CASH RECEIPTS, EXCLUDING GOVERNMENT PAYMENTS					
Total	2,565,054	thousand dollars	2009	33	0.9
Crops	1,515,649	thousand dollars	2009	30	0.9
Livestock	1,049,404	thousand dollars	2009	32	0.9
LIVESTOCK INVENTORY					
All Cattle and Calves	2,500,000	head	Jan. 1, 2011	11	2.7
All Cows	1,490,000	head	Jan. 1, 2011	9	3.7
Beef Cows	1,476,000	head	Jan. 1, 2011	7	4.8
Milk Cows	14,000	head	Jan. 1, 2011	40	0.2
Cattle on Feed	30,000	head	Jan. 1, 2011	23	0.2
All Sheep and Lambs	230,000	head	Jan. 1, 2011	8	4.2
Breeding Sheep	215,000	head	Jan. 1, 2011	5	5.2
Meat and Other Goats	7,000	head	Jan. 1, 2011	39	0.3
Milk Goats	2,600	head	Jan. 1, 2011	32	0.7
Hogs and Pigs	180,000	head	Dec. 1, 2010	22	0.3
Chickens	535,000	head	Dec. 1, 2010	35	0.1
LIVESTOCK PRODUCTION					
Calf Crop	1,490,000	head	2010	7	4.2
Lamb Crop	225,000	head	2010	5	6.3
Pig Crop	441,000	head	2010	25	0.4
Wool Production	2,000,000	pounds	2010	6	6.5
Egg Production	119,000,000	eggs	2010	35	0.1
Honey Production	11,618,000	pounds	2010	5	6.6
CROP PRODUCTION					
All Wheat	215,360,000	bushels	2010	3	9.8
Winter Wheat	93,600,000	bushels	2010	6	6.3
Durum Wheat	18,020,000	bushels	2010	2	16.8
Other Spring Wheat	103,740,000	bushels	2010	2	16.8
Barley	38,440,000	bushels	2010	3	21.3
Oats	1,647,000	bushels	2010	17	2.0
All Hay	6,105,000	tons	2010	6	4.2
Alfalfa Hay	4,485,000	tons	2010	4	6.6
Other Hay	1,620,000	tons	2010	17	2.1
All Dry Beans	359,000	cwt	2010	10	1.1
Pinto Beans	275,000	cwt	2010	9	2.0
Garbanzo Beans	84,000	cwt	2010	5	4.3
Lentils	3,359,000	cwt	2010	2	38.8
Dry Edible Peas	4,140,000	cwt	2010	2	29.1
Austrian Winter Peas	110,000	cwt	2010	1	46.4
Fall Potatoes	3,673,000	cwt	2010	12	1.0
Sugar Beets	1,254,000	tons	2010	5	3.9
Flaxseed	255,000	bushels	2010	2	2.8
Safflower	22,950,000	pounds	2010	2	10.4
Canola	30,102,000	pounds	2010	5	1.2
Corn for Grain	4,590,000	bushels	2010	38	1/
Corn for Silage	1,080,000	tons	2010	23	1.0

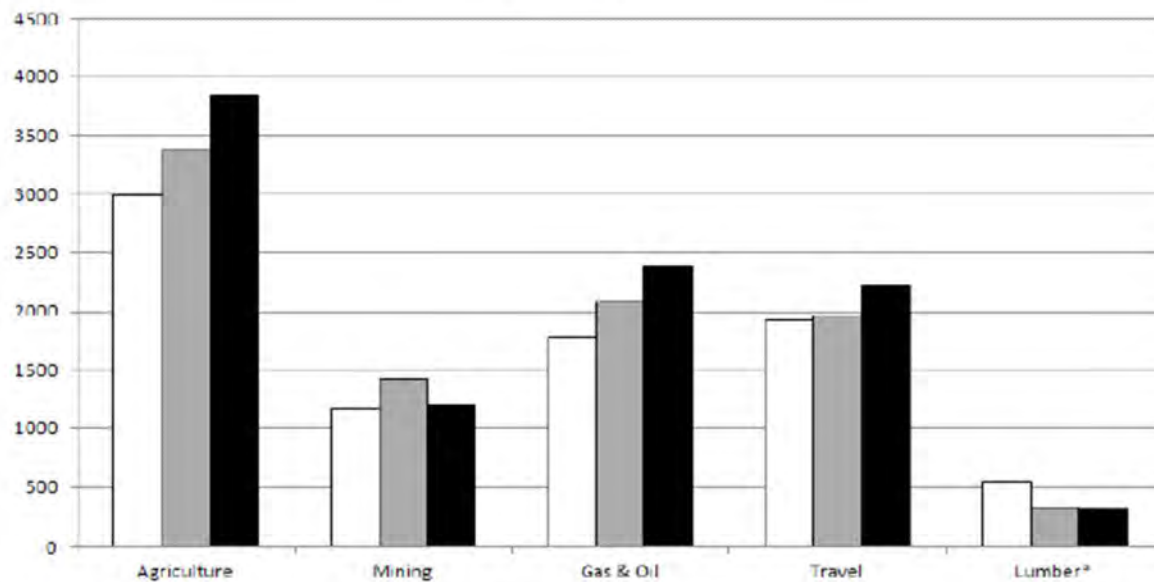
1/ Less than one-tenth of one percent.

Value Added to the U.S. Economy by the Agricultural Sector, Montana

Item	2006	2007	2008	2009	2010	2011
Million Dollars						
Value of crop production	903.6	1,302.3	1,732.2	1,720.9	1,907.3	1,949.1
Food grains	698.3	889.9	1,191.3	1,002.0	1,036.5	1,372.0
Feed crops	180.0	227.3	313.2	421.4	415.9	440.9
Oil crops	9.7	10.6	12.8	12.6	16.2	17.8
Fruits and tree nuts	1.7	7.1	7.9	5.5	7.9	7.9
Vegetables	60.3	105.3	104.6	109.4	163.1	157.5
All other crops	106.5	97.6	92.1	111.0	139.7	126.0
Home consumption	1.9	1.7	2.0	1.2	1.1	1.5
Value of inventory adjustment 1/	(154.8)	(37.1)	8.2	57.8	126.8	(174.5)
Value of livestock production	1,215.6	1,349.2	1,183.8	1,026.2	1,219.9	1,425.5
Meat animals	1,106.4	1,019.7	1,062.8	968.9	1,152.1	1,266.5
Dairy products	45.6	61.1	58.0	42.8	48.0	56.3
Poultry and eggs	4.8	10.1	11.7	8.7	8.5	9.6
Miscellaneous livestock 3/	52.8	43.5	47.1	48.4	54.9	87.6
Home consumption	6.1	5.2	6.3	5.8	6.8	6.5
Value of inventory adjustment 1/	(0.2)	209.5	(2.1)	(48.3)	(54.4)	(1.0)
Revenues from services and forestry	652.6	697.0	788.1	693.0	554.5	781.8
Machine hire and custom work	44.2	59.7	51.8	136.4	48.6	69.0
Forest products sold	3.0	3.0	3.0	3.0	3.0	3.0
Other farm income	194.9	188.0	214.4	224.2	166.9	353.1
Gross imputed rental value of farm dwellings	410.6	446.3	518.9	329.3	335.9	356.7
Value of agricultural sector production 2/	2,771.7	3,348.5	3,704.1	3,440.1	3,677.7	4,156.5

Montana Selected Industries Comparison

2009-2011



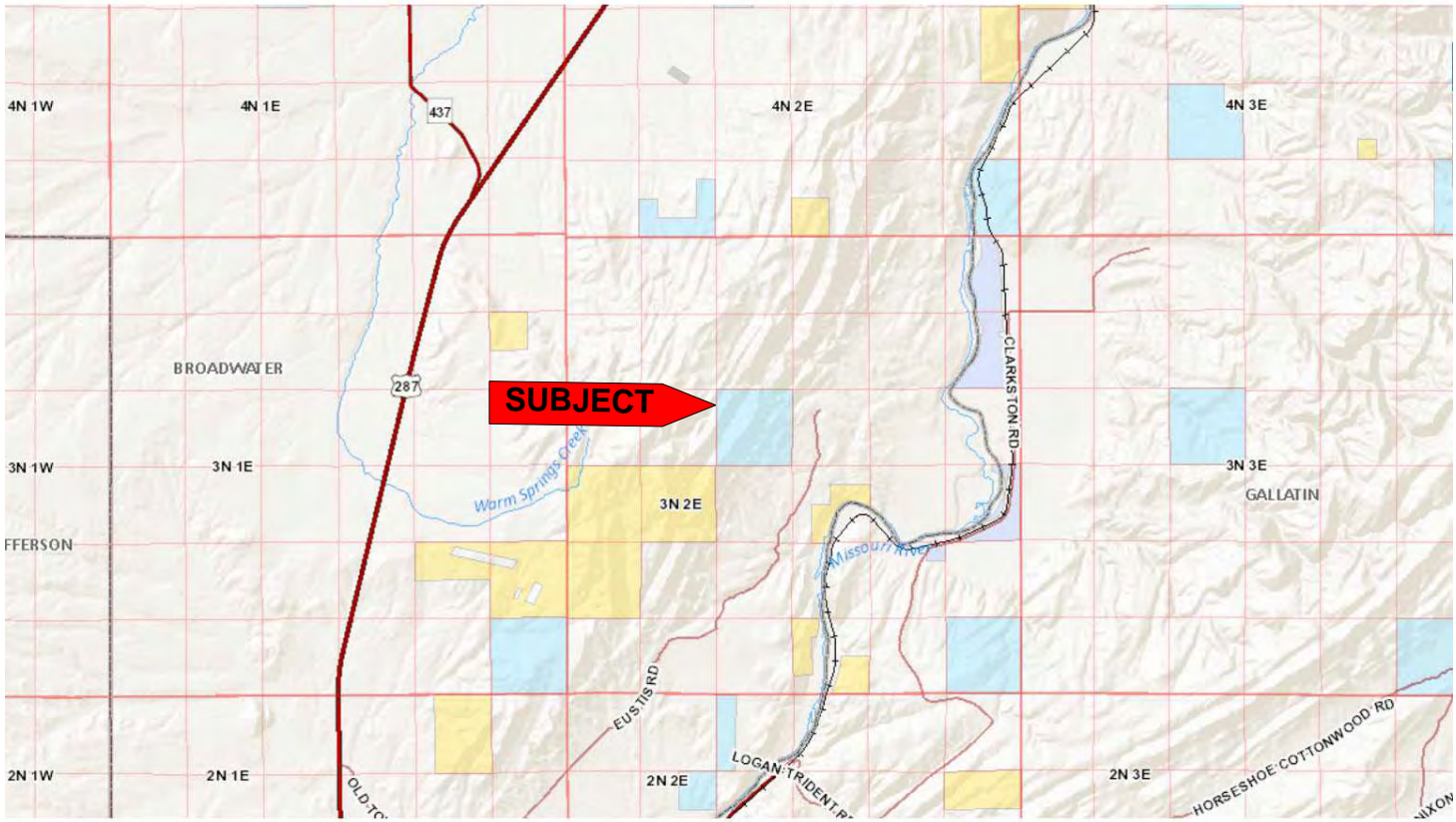
* Wood & Paper Products

□ 2009 ■ 2010 ■ 2011

Economic 14

2012 Montana Agricultural Statistics

Map Addendum



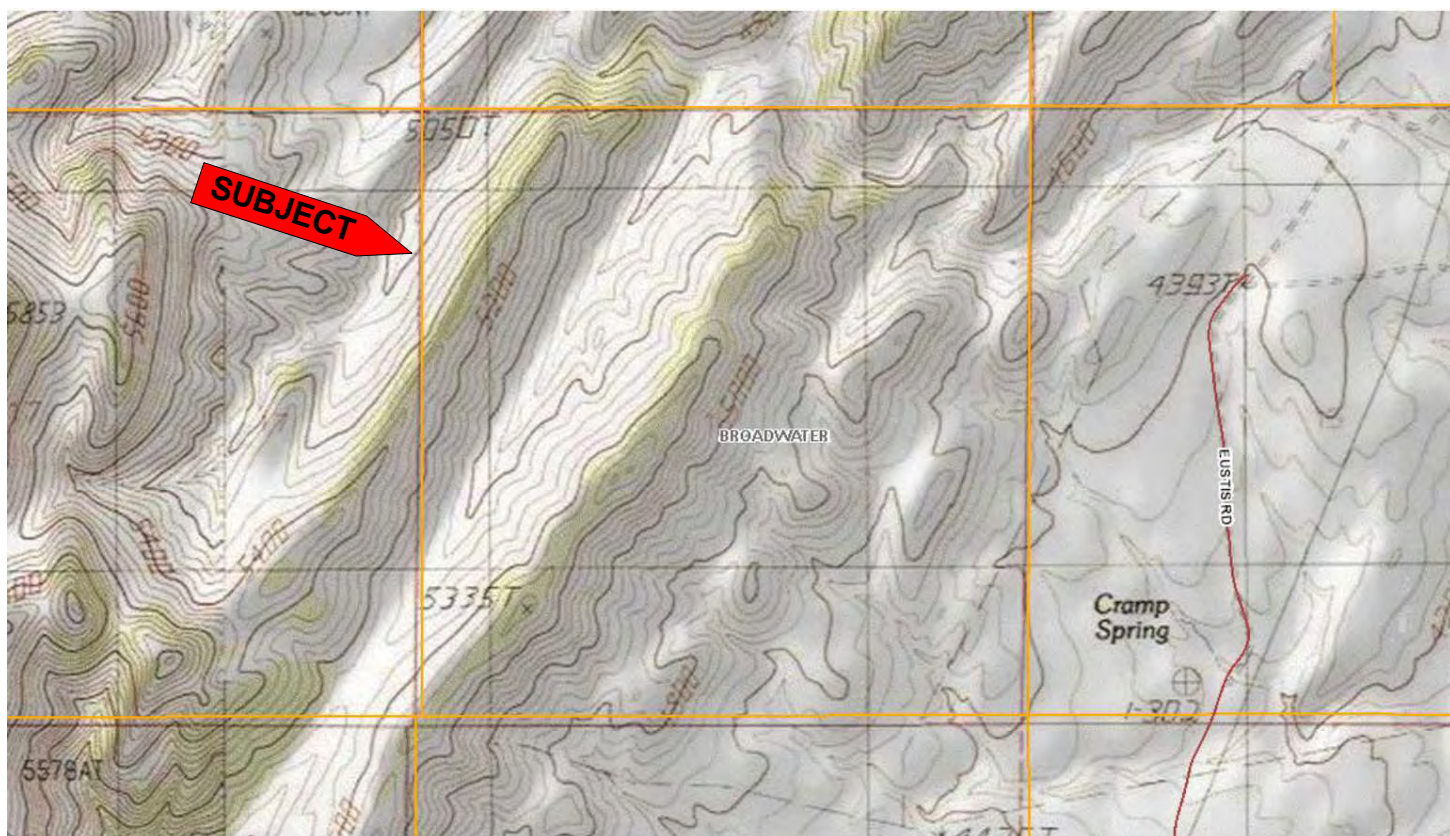
Property Description: (*Location, use and physical characteristics*) The subject property is located eight air miles northwest of Three Forks, MT. The subject property can be accessed off of Eustis Road, a county gravel road. The subject does not have any legal road access and is can be accessed by driving across the wheat fields that lie to the east of the subject property. The appraiser has been instructed to appraise the property as having legal access and "as-is" with no legal access. According to the soil maps, approximately 79% of the property consists of Tropol-Rock outcrop, complex with a 15 to 60 percent slope. The terrain along the southeast portion of the property is rolling hills with several draws/coulees. As the property proceeds to the northeast it becomes very steep with rock outcroppings until the top of the ridge and then the property declines in elevation until rising into a another smaller ridge near the northwest corner. The vegetation consists of native grasses and juniper bushes. There are two seasonal drainages on the subject property. One is along the northeast corner and the other is a seasonal spring that traverses the southeast corner of the unit. There is a fence along portions of the east boundary but no other fences were seen as the property is very hard to access but according to the lessee's representative there are no other fences on the subject tract. There is no developed water on the subject property.

Land Use	Deeded Acres	Unit Type	Unit Size		Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Irrg Land				(0.0%)	Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dry Cropland				(0.0%)	Legal Access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hay Land				(0.0%)	Physical Access	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tame Pasture				(0.0%)	Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rangeland	637.84	Acres		(100.0%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Farmstead				(0.0%)	Adequacy Utilities	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Roads/waste				(0.0%)	Services	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other				(0.0%)	Rentability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Leases				(0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreation				(0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total Deeded Acres	637.84	Total Units	0.00	(100 %)	FEMA Zone/Date	2/9/1982			
					Building Location				

Climatic:	10-18	" Annual Precipitation	4500	' to	5800	' Elevation	90-110	Frost-Free Days
Utilities:	Wells	Water	1/4 mile	Electric	Septic	Sewer	Propane	Gas
Distance To:	10	Schools	40	Hospital	40	Markets	9	Major Hwy.
								Cnty Lnk Telephone
								Service Center

Comments There are no hazards or detriments that materially affect the value of the subject property. The subject is susceptible to the area weather but the surrounding area receives the same type of weather. The weed liability on the property is above average for this unit in this area. Given the date of inspection, grass and weeds have not yet started growing so the amount and type that might exist is unknown. Should this be of concern, a weed specialist should be engaged to inspect the weeds during the growing season in order to estimate the expected liability. This appraisal assumes that the weeds are not toxic and the appraiser reserves the right to update the appraisal should the area found to be hazardous. The Appraiser is not an expert in either the detection of hazardous or toxic substances or structural engineering, and did not conduct an environmental audit of the subject property. The property is being appraised assuming there are no toxic or hazardous substances present or associated with the subject property that would affect value. The Appraiser reserves the right to reassess the situation and adjust values if deemed necessary. A detailed search was not undertaken to ascertain the exact status of the mineral estate on the subject parcels. However, in reviewing the past warranty deeds related to the subject property it appears that all minerals are attached to the surface rights of the subject property.

Map Addendum



Map Addendum



History	<input checked="" type="checkbox"/> Ownership Longer Than <u>3</u> Years <div style="display: flex; justify-content: space-between; width: 100%;"> Owner Recording/Reference Date Price Paid Terms </div>					
	Previous: _____ Present: _____					
	Currently: <input type="checkbox"/> Optioned <input type="checkbox"/> Under Contract Contract Price: \$ _____ Buyer: <input type="checkbox"/> Currently Listed Listing Price: \$ _____ Listing Date: _____					
Zoning	Current Zoning: _____ None Zoning Conformity: <input type="checkbox"/> Yes <input type="checkbox"/> No Zoning Change: <input checked="" type="checkbox"/> Unlikely <input type="checkbox"/> Probable To: _____ Comments: _____					
Taxes	Tax Basis: <input type="checkbox"/> Agricultural <input checked="" type="checkbox"/> Exempt Property <input type="checkbox"/> _____ Parcel #: <u>1309001</u>		Assessment Year <u>2013</u> Land \$ <u>16,965</u> Building(s) \$ _____ _____ \$ _____ Total Assessed Value \$ <u>16,965</u>		Forecast: Current Tax \$ <u>0</u> Estimated/Stabilized \$ _____ Or (<u>637.84</u> Ac.) = \$ <u>0.00</u> /acre Trend: <input type="checkbox"/> Up <input type="checkbox"/> Down <input type="checkbox"/> Stable	
	Comments: Because the subject property is owned by the State of Montana it is exempt from property taxes.					
Highest & Best Use Analysis	<small>Highest & Best Use is defined as that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.</small>					
	Analysis: <i>(Discuss legally permissible, physically possible, financially feasible, and maximally productive uses)</i> There are no legal limitations currently affecting the subject property. The subject is open for many physically possible uses. Subject is being appraised as having legal access under a hypothetical condition and "as-is" with no legal access. The subject property's physical terrain limits the possible uses the property might have. Because the terrain consists mostly of steep cliffs with rock outcroppings the build sites are extremely limited. The physical terrain limits the industrial, commercial, rural development, and agricultural use of the property. The surrounding area does not indicate a potential for mineral development and thus would not be feasible on the subject property as there is no mineral development in the surrounding area. Of the remaining highest and best uses of the subject property: recreational and rural homesite the most financially feasible use of the property is a classification that incorporates the recreational and rural homesite use, known as rural investment. As stated the market is beginning to indicate a rebound for rural homesites but until this market becomes stronger, the most financially feasible and maximally productive use of the subject property is rural investment.					
	Highest and Best Use: "As if" Vacant <u>Rural Investment</u> "As Improved" <u>N/A</u>					
	Discussion: _____					
Value Methods	Valuation Methods: <input type="checkbox"/> Cost Approach <input type="checkbox"/> Income Approach <input checked="" type="checkbox"/> Sales Comparison Approach (Explain and support exclusion of one or more approaches) All three approaches to value have been considered for the subject property, however, the Sales Comparison Approach is the only approach that is felt to be reliable enough to use in this particular market. Rural Investment properties in the market area do not have any viable economic use relative to rental values. As described, while some are used for agricultural grazing the fees generated by such uses do not justify, nor are they relevant to, an economic valuation of properties, and cannot support land values commanded in this investment oriented market. As such, a valuation of the subject property by the Income Approach is not applicable. Since the subject property has only one land class, rangeland and is not improved, the Cost Approach would be a redundancy of the Sales Comparison Approach and thus is not applicable in this appraisal.					



Photo viewing west at the east boundary line just past the wheat field.



Same as previous photo.



Photo viewing northwest across the subject property.



Same as previous photo.



Photo viewing northwest towards subject property.



Photo viewing west towards the subject property.



Photo viewing southwest towards the southeast corner of subject property beyond wheat field.

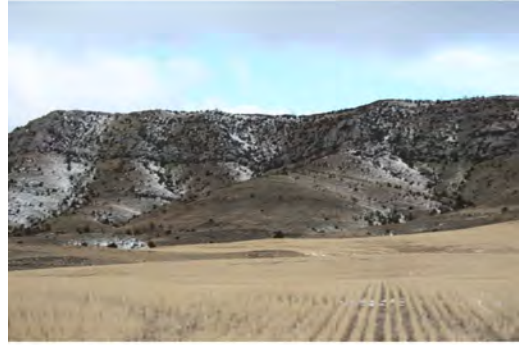


Photo viewing southwest towards subject property.



Photo viewing west along the northern boundary of subject property.



Photo viewing southwest towards subject's northern boundary.

Sales Comparison Approach (1-5)

Sale Data	Sale Data	Subject	Sale #1 1	Sale #2 2	Sale #3 3	Sale #4 4	Sale #5 5
	Grantor (Seller)		Stanley Kimm	Scofield Irr. Trust	Scofield Irrevocable Tr.	Est. Of Floyd Poe	Dykman, et al
	Grantee (Buyer)		Dennis & Irene Rahn	John & Corrine Clark	Huempfer, Michael	Crow Creek Ranch, LLC	Davis Homestead, LLC
	Source		Buyer	Seller	Buyer/Broker	Broker	FCS/Grantee
	Date	Eff 02/13	02/13	10/12	07/12	04/12	04/10
	Eff Unit Size/Unit	637.84 / Acre	318	316	1,612	713	258
	Sale Price		256,000	292,000	1,015,000	850,000	340,000
	Finance Adjusted		Cash	Cash	Cash 0	Cash 0	Cash
	CEV Price		256,000	292,000	1,015,000	850,000	340,000
	Multiplier						
	Expense Ratio				19.85	13.98	

The Appraiser has cited sales of similar property to the subject and considered these in the market analysis. The description below includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and the sales documented. When significant items are superior to the property appraised, a negative adjustment is applied. If the item is inferior, a positive adjustment is applied. Thus, each sale is adjusted for the measurable dissimilarities and each sale producing a separate value indication. The indications from each sale are then reconciled into one indication of value for this approach.

CEV Price/ Acre		805.03	925.46	629.78	1,192.15	1,319.31
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LAND AND IMPROVEMENT ADJUSTMENTS

Land Adjustment		0.00	0.00	-329.78	-624.19	0.00
Impvt. Adjustment		0.00	0.00	0.00	0.00	0.00
Adjusted Price		805.03	925.46	300.00	567.96	1,319.31

TIME ADJUSTMENTS

<input type="checkbox"/> Yr	<input checked="" type="checkbox"/> Mo	Periods	0	0	0	0	0
<input type="checkbox"/> Smpl	<input checked="" type="checkbox"/> Cmp	Rate	0.00	0.00	0.00	0.00	0.00
<input type="checkbox"/> Auto	<input checked="" type="checkbox"/> Man	Time Adjustment	0.00	0.00	0.00	0.00	0.00
		Time Adj. Price	805.03	925.46	300.00	567.96	1,319.31

OTHER ADJUSTMENTS

Location	Adjustment	Superior -500.00	Superior -500.00	Similar	Superior -300.00	Superior -600.00
Recreational Influ	Adjustment	None	None	None	None	Yes -300.00
	Adjustment					
	Adjustment					
	Adjustment					
Net Adjustments		-500	-500	-330	-924	-900
ADJUSTED PRICE		305	425	300	268	419

Analysis/Comments: *(Discuss positive and negative aspects of each sale as they affect value)*

Prior to any adjustments the five range from \$629 to \$1,319 per acre. No market adjustment, positive or negative, could be determined from the area market for the time frame of the five sales used in this appraisal. Market data, although more sales are occurring in the area, are still fairly limited. The five sales used are the most current and most comparable to the subject property. Once the land/mix adjustment is made, the five sales range from \$300 to 1,319 per acre. Through the pairing process it was determined that four of the five sales are superior to the subject property for location. They are located in areas that are in higher demand with better access and subdivision influence. The most similar located sale is Sale 3. Thus in pairing Sale 1 and 2 to Sale 3 a negative \$500 per acre adjustment is concluded and applied to Sales 1 and 2 for their superior location. In pairing Sales 4 and 5 with Sale 3 a negative \$600 per acre adjustment is concluded and applied to Sale 5 while a negative \$300/acre adjustment is concluded for Sale 4.

Continue Page 26

Sales Comparison Approach Summary:

Property Basis (Value Range): \$ _____ to \$ _____
 Unit Basis: \$ 300.00 / Acre X 637.84 Acre = \$ 191,352.00
 Multiplier Basis: \$ _____ X _____ (multiple) = \$ _____

Sales Comparison Indication:

\$ _____ See Page 26

Pairing Adjustment Summary (1-5)

Insert the "Land Adjusted" prices for each sale. At this point in the process, the sales and the subject are equal with regard to land mix or land components. View data for pairings and adjustment conclusions. Vacant and/or improved sales should be considered.

Sale Summary		Sale #1 1	Sale #2 2	Sale #3 3	Sale #4 4	Sale #5 5
	Sale Date	02/13	10/12	07/12	04/12	04/10
	Size	318.00	315.52	1,611.68	713.00	257.71
	Financing	Cash	Cash	Cash	Cash	Cash
	Sale Price \$/ Acre	\$ 805.00	\$ 925.46	\$ 629.78	\$ 1,192.15	\$ 1,319.31
	Land Adjustment	\$ 0.00	\$ 0.00	\$ -329.78	\$ -624.19	\$
	Land Adjusted Price	\$ 805.00	\$ 925.46	\$ 300.00	\$ 567.96	\$ 1,319.31

Time	<input type="checkbox"/> Auto Calc Periods	TIME ADJUSTMENTS				
	<input checked="" type="checkbox"/> Manually Calc Periods					
	Eff Appraisal Date	02/13	02/13	02/13	02/13	02/13
	<input type="checkbox"/> Yr. <input checked="" type="checkbox"/> Mo. Periods	0	0	0	0	0
	<input type="checkbox"/> Smpl <input checked="" type="checkbox"/> Cmp Rate	0.0	0.0	0.0	0.0	0.0
	Time Adjustment	0.00	0.00	0.00	0.00	0.00
	Time Adj. Price	805.00	925.46	300.00	567.96	1,319.31

The adjustments below are intended to be used in the Sales Comparison Approach only.

Other	Location Adjust.	Compare Sale # 3 with Sale # 1 = \$ -505.00 difference
		Compare Sale # 3 with Sale # 2 = \$ -625.46 difference
		Compare Sale # with Sale # = \$ difference
	Conclude: \$ -500.00	
	Adjustment Subtotal	\$ -500.00 \$ -500.00 \$ 300.00 \$ 567.96 \$ 1,319.31

Other	Location Adjust.	Compare Sale # 3 with Sale # 4 = \$ -267.96 difference
		Compare Sale # 3 with Sale # 5 = \$ -1,019.31 difference
		Compare Sale # with Sale # = \$ difference
	Conclude: \$ -600.00	
	Adjustment Subtotal	\$ -300.00 \$ -600.00

Other	Rec. Influ Adjust.	Compare Sale # 5 with Sale # 1 = \$ 414.31 difference
		Compare Sale # 5 with Sale # 2 = \$ 293.85 difference
		Compare Sale # 5 with Sale # 3 = \$ 419.31 difference
	Conclude: \$ -300.00	
	Adjustment Subtotal	\$ -300.00 \$ 419.31

Other	Adjust.	Compare Sale # with Sale # = \$ difference
		Compare Sale # with Sale # = \$ difference
		Compare Sale # with Sale # = \$ difference
	Conclude:	
	Adjustment Subtotal	\$ 305.00 \$ 425.46 \$ 300.00 \$ 267.96 \$ 419.31

Comments and Conclusions:

Sales Comparison Comments

Sale 5 indicated that there were some recreational influences affecting the sale price of this property. In pairing Sale 5 with Sales 1, 2, and 3 a negative \$300/acre adjustment is concluded and applied to Sale 5. Sale 3 consisted of three non-contiguous tracts of land. Although Sale 3 is the largest sale in the data set, it was analyzed and allocated for the three different tracts that made up this sale. No size adjustment could be extracted from the market date. Once all the adjustments are made the five sales range from \$268 to \$425/acre. As stated the subject property is being appraised using a Hypothetical Condition that the subject has legal access as well as "as-is"; which is a landlocked parcel with NO legal access.

Under the Hypothetical Condition that the subject property has legal access a final opinion of value of **\$300/acre** is concluded and applied to the subject property.

From our database of paired access sales, which totals 72 pairings, paired sales from Jefferson, Broadwater, Lewis & Clark, and Gallatin County were used to determine an access discount for the subject property to conclude an opinion of value "as-is" of the subject property with no legal access. The pairings from the four counties totalled nineteen pairs that indicated an average discount of 46.4% for properties with no legal access. A discount of 46% is concluded and applied to the subject property for no legal access.

637.84 Acres x \$300/Ac = \$191,352

Less 46% (\$88,022) = \$103,330

Therefore, the two values for the subject property are as follows. The appraiser was instructed to value the subject property using a Hypothetical Condition that the subject property has legal access and "as-is" as a landlocked tract with no legal access.

Subject with Legal Access: \$191,000

Subject "as-is" NO legal access: \$103,000

Sale 1: \$805 per acre unadjusted and \$305 per acre adjusted for superior location. Sale 1 is set to close February 22, 2013. Sale 1 consists of 318 acres of rangeland surrounded on three sides by platted subdivisions. Sale 1 is located one mile north of Wheat Montana and seven miles southwest of the subject property. Sale 1 is accessed by a county paved road along the south boundary. The south half of the property is level and as the property proceeds north becomes more rolling terrain. Does have a seasonal drainage crossing the northern portion but has been dry for several years. The property was listed for twice what the sale price is and according to the buyer, the seller had an offer of \$1,500/acre but refused to sale because the offer was from a local developer and he (seller) didn't want to see the tract divided. Although this sale is used in the dataset it has yet to close but was used because it is the most recent sale found in the market and the rangeland quality is similar to the subject's although Sale 1 is superior for location.

Sale 2: \$925 per acre unadjusted and \$425 per acre adjusted for superior location. Sale 2 sold in October 2012 and consists of 316 acres. Sale 2 is located one mile north of Wheat Montana and seven miles southwest of the subject property. Sale 2 is accessed off of Old Town Road, a paved county road, and is bordered along the west boundary by Highway 287. Buyer purchased property as an investment and intends to run some cows on it. The seasonal ditch has not had water in it for several years, but the property does have some water rights with it that sold with the property. There is a electrical transfer station located at the northwest corner that is not part of the property. Overall, this property is superior to the subject property and sets the high end of the bracketed range.

Continue Next Page

Sales Comparison Comments

Sale 3: \$629 per acre unadjusted and \$300 per acre adjusted for land/building mix. Sale 3 sold in July 2012 and consists of three non-contiguous tracts of land totalling 1,612 deeded acres. All three parcels are within five miles of the subject property. Although Sale 3 is the largest sale in the dataset it is the best indicator of value for the subject property. Located in Broadwater and Gallatin Counties with most of the land being in Broadwater County. Access is the Old Town and Eustis Roads, county roads. Section 18 in Broadwater and some of the Gallatin Co. land was reported to not have legal access but buyer stated that an access easement did run with Section 18 so he felt he had legal access. The buyer allocated \$300 per acre for Section 18, \$375 per acre for all other rangeland and around \$1,500 for the river bottomlands. He stated that there is a small amount of land in the river piece on the east side of the river that might have a build site but the remainder is in the flood plain so essentially an open space flood plain type of allocation. The sale is closing in 2 transactions. The first transaction is the portion of the land totalling 1,550.68 acres that they had good legal descriptions on. This sold for \$900,000. The next closing is for \$115,000 that was a piece of river ground that was thought to be 60 acres that had to be surveyed. This land surveyed out at around 121 acres but a lot of it was in the river and an island was reportedly involved. The price was based on 60 acres to that is the acreage that was used in this write up. River, springs, stock dams and wells provide stock water. The vegetation is native range grass with cottonwoods and riparian species along the river. Buyer was a neighboring land owner but the property was listed with Vellinga Real Estate. A portion of the river piece has an old railroad right-of-way going through it that was owned by buyer so it severed a portion of the property from the western lands.

Sale 4: \$1,192 per acre unadjusted and \$268 per acre adjusted for land/building mix and superior location. Sale 4 sold in April 2012 and consists of 713 acres. Sale 4 is located half a mile northeast of Radarsburg and twelve miles northwest of the subject property. Buyer is from Philipsburg, MT. Shed built in 1994 is only improvement with value. Broker said buyer valued it at \$5,000 in the sale. The Crow Creek Ranch has multiple creeks on the property. Swamp Creek is a warm year-around spring creek that originates on the acreage; the main fork and west fork of the seasonal Crow Creek flow through the ranch. Most years it is flowing most of the year but can dry up in summer. Excellent water rights with some going back to the 1860's. Irrigated, sub-irrigated, and dry pasture. Cottonwoods, evergreen trees and an old orchard provide habitat for whitetail and mule deer. There have been some moose, bear, turkeys and pheasants seen on the unit. This unit is right near Radarsburg, MT an older mining community. Townsend is the main service town. Elevation is 4200 to 4300 feet. Mt. Hwy 285 clips the southwest corner of the property and Old Woman's Grave Road runs along the eastern boundary. Native grass hay and native grass pasture have been raised on the ranch for over 100 years. For several years prior to the sale the property was used for forage production and grazing for 100 cows. Water rights dating from 1866 to 1924.

Sale 5: \$1,319 per acre unadjusted and \$419 per acre adjusted for superior location and recreational influences. Sale 5 sold in April 2010 and consists of 258 deeded acres. Sale 5 is located five miles northeast of Toston and twenty miles north of the subject property. Listed for 3.5 years. Unimproved tract sale. Surrounded by privately held lands. USFS 1 mile to east. Adjoining lands are comprised of mid to large size tracts. The area is comprised of larger traditional livestock/farming operations, with a mix of recreational and/or part-time farm properties. The property is beyond the areas of significant rural residential pressures associated with areas closer to Gallatin County and near Canyon Ferry Res. Located near the base of the Belt Mountains, considering the size the topography of this unit is relatively diverse. Dry Creek, a small perennial creek, flows through the northern tip of the property providing a source of water to livestock and area wildlife and livestock alike. This area is characterized by nearly level to gently rolling terrain. Typical for the areas small creek systems, willow cover ample along banks of Dry Creek gives way to sagebrush and juniper cover as you move away from the creek. There are various smaller draws/coulees running from south to north converging with a more prominent draw along the northeastern boundaries. There is ample tree and brush cover located within these draws and coulees. The southern portion is open rolling grassland meadows with excellent views of mountains. Overall, once the adjustments are made, this property is superior to the subject property and sets the higher end of the bracketed range.

Reconciliation and Opinion of Value

Summary

Cost Approach	\$	
Income Approach	\$	
Sales Comparison Approach	\$	See Page 26

Discussion & Correlation of Values

Analysis of Each Approach and Opinion of Value: The COST APPROACH is most applicable when appraised property's improvements are new and represent the highest and best use of the land. Additionally, the Cost Approach is useful when there is a good bank of open land sales that are dependable and reliable and when the costing information is from excellent sources. Since the subject property is unimproved and consists of only one land class, rangeland, the Cost Approach would be redundancy of the Sales Comparison Approach and thus no applicable to this appraisal.

The SALES COMPARISON APPROACH is based on a direct comparison of similar properties which have sold in the subject area or a competing area. Given the nature of the market similar properties for direct pairings were not available for adjustments for all factors of value but there was the ability to identify market supported adjustments for the components or factors affecting value as identified. The Sales Comparison Approach was utilized in this report and is felt to be a reliable approach to value given that it is relied upon heavily by buyers and sellers and the nature of the quantity and quality of data available.

The INCOME APPROACH is based on the stabilized net income potential of the land and market indicated capitalization rates representing buyers' expected returns on similar properties. Properties in the area have minimal economic use relative to rental values and rents cannot support value trends in this market which has transitioned from agricultural uses to a higher use of rural recreational investment. While some are used for agricultural grazing and fee hunting, the fees generated by such uses do not justify, nor are they relevant to, an economic valuation of the properties. As such, a valuation of properties such as the subject utilizing the Income Approach is not appropriate. Therefore, the Income Approach is not applicable.

The appraiser employed one of the three traditional methods of estimating the market value of the subject property. The sales used are sales that possess features and characteristics generally similar to those of the appraised property. This sales data was used within the sales comparison to value and reflect a relatively narrow range that lends a high degree of confidence to the final appraised value. In the final analysis, the sales comparison more representative of the area market. The concluded value considers the fee simple ownership rights of the real property described herein and is in terms of cash including land and buildings.

Allocation of Value

Opinion Of Value -	(Estimated Marketing Time	12-18	months, see attached)	\$	See Page 25
Cost of Repairs	\$				
Cost of Additions	\$				
Allocation:	(Total Deeded Units: 637.84)	Land:	\$	0	/ (0 %)
		Land Improvements:	\$	0	/ (0 %)
		Structural Improvement Contribution:	\$	0	/ (0 %)
Value Estimate of Non-Realty Items:					
	Value of Personal Property (local market basis)	\$			
	Value of Other Non-Realty Interests:	\$			
	Non-Realty Items:	\$	0	/	(0 %)
	Leased Fee Value (Remaining Term of Encumbrance)	\$	0	/	(0 %)
	Leasehold Value	\$	0	/	(0 %)
	Overall Value	\$	0	/	(100 %)

Assumptions and Limiting Conditions

The certification of the Appraiser(s) appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. The Appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser(s) render any opinion as to title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in the report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property. Drawings and/or plats are not represented as an engineer's work product, nor are they provided for legal reference.
3. The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this appraisal and are invalid if so used.
5. The Appraiser(s) have, in the process of exercising due diligence, requested, reviewed, and considered information provided by the ownership of the property and client, and the Appraiser(s) have relied on such information and assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, for engineering which might be required to discover such factors, or the cost of discovery or correction.
6. While the Appraiser(s) ☒ have ☐ have not inspected the subject property and ☒ have ☐ have not considered the information developed in the course of such inspection, together with the information provided by the ownership and client, the Appraiser(s) are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated.
7. Information, estimates, and opinions furnished to the Appraiser(s), and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser(s) can be assumed by the Appraiser(s).
8. Unless specifically cited, no value has been allocated to mineral rights or deposits.
9. Water requirements and information provided has been relied on and, unless otherwise stated, it is assumed that:
 - a. All water rights to the property have been secured or perfected, that there are no adverse easements or encumbrances, and the property complies with Bureau of Reclamation or other state and federal agencies;
 - b. Irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures;
 - c. Any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured with the title to real estate; and
 - d. Title to all such property conveys with the land.
10. Disclosure of the contents of this report is governed by applicable law and/or by the Bylaws and Regulations of the professional appraisal organization(s) with which the Appraiser(s) are affiliated.
11. Neither all nor any part of the report, or copy thereof, shall be used for any purposes by anyone but the client specified in the report without the written consent of the Appraiser.
12. Where the appraisal conclusions are subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner consistent with the plans, specifications and/or scope of work relied upon in the appraisal.
13. Acreage of land types and measurements of improvements are based on physical inspection of the subject property unless otherwise noted in this appraisal report.
14. EXCLUSIONS. The Appraiser(s) considered and used the three independent approaches to value (cost, income, and sales comparison) where applicable in valuing the resources of the subject property for determining a final value conclusion. Explanation for the exclusion of any of the three independent approaches to value in determining a final value conclusion has been disclosed in this report.
15. SCOPE OF WORK RULE. The scope of work was developed based on information from the client. This appraisal and report was prepared for the client, at their sole discretion, within the framework of the intended use. The use of the appraisal and report for any other purpose, or use by any party not identified as an intended user, is beyond the scope of work contemplated in the appraisal, and does not create an obligation for the Appraiser.
16. Acceptance of the report by the client constitutes acceptance of all assumptions and limiting conditions contained in the report.
17. Other Contingent and Limiting Conditions:

Appraisers Certification

We certify that, to the best of our knowledge and belief:

1. the statements of fact contained in this report are true and correct.
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analysis, opinions, and conclusions.
3. we have ☒ no ☐ the specified present or prospective interest in the property that is the subject of this report and we have ☒ no ☐ the specified personal interest with respect to the parties involved.
4. we have performed ☒ no ☐ the specified services, as an appraiser 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.
5. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. we ☒ have ☐ have not made a personal inspection of the property that is the subject of this report.
10. ☒ no one ☐ the specified persons provided significant real property appraisal assistance to the persons signing this certification.

Effective Date of Appraisal: 02/13/13

Opinion of Value: \$ See Page 25

Appraiser:

Signature: 

Property Inspection: ☒ Yes ☐ No
Inspection Date: 02/13/13

Name: Katie Rickett, ARA
License #:
Certification #: REA-RAG-LIC-650
ASFMR # 1664

Appraiser has ☒ inspected ☒ verified ☒ analyzed the sales contained herein.

Date Signed: February 14, 2013

Appraiser:

Signature: 

Property Inspection: ☒ Yes ☐ No
Inspection Date:

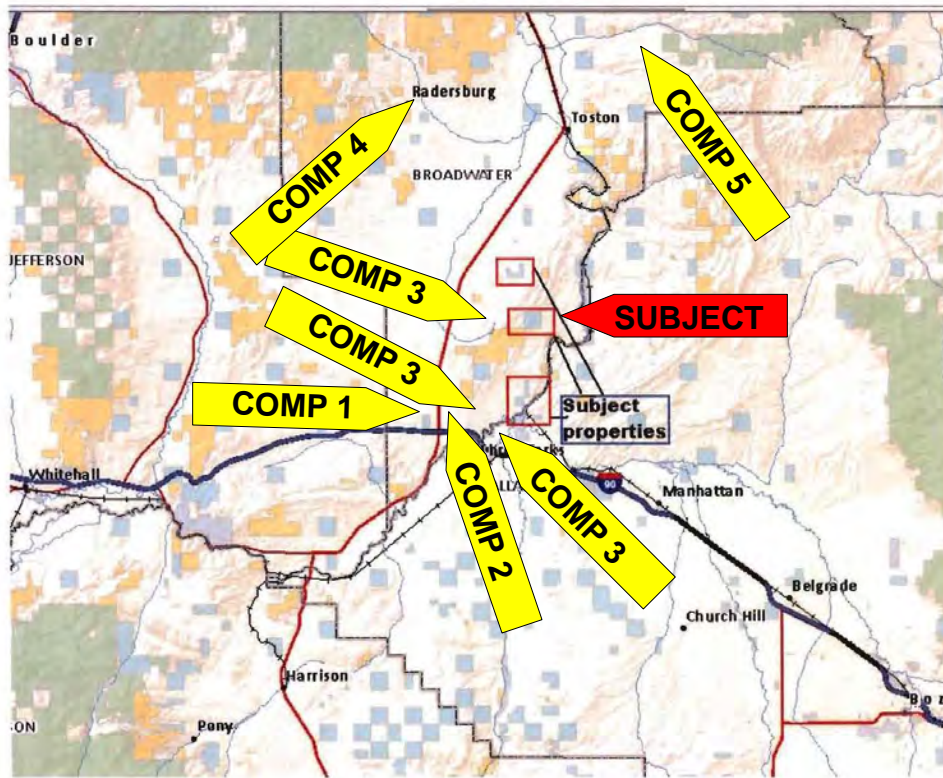
Name: Kim C. Colvin
License #:
Certification #: REA-RAG-LIC-174
WY Cert.Gen. # 424

Appraiser has ☒ inspected ☒ verified ☒ analyzed the sales contained herein.

Date Signed: February 14, 2013

Map Addendum

Location Map of Parcel



Index #	Database #	82	Sale #	1	Unimproved Sale
Grantor	Stanley Kimm	Sales Price	256,000	Property Type	Agriculture
Grantee	Dennis & Irene Rahn	Other Contrib.		Primary Land Use	Grazing
Deeded Acres	318.00	Net Sale Price	256,000	Document #	
Sale Date/DOM	02/22/13 /	\$/Deeded Acre	805.03	MLS #	
Prior Sale Date		Financing	Cash	Surface Water	None
Prior CEV Price		% Fin. Adj.		Irrg. Water	None
Analysis Code		CEV Price	256,000	Terrain	Level to rolling
Source	Buyer	SCA Unit Type	Acres	Influences	
Motivation	Open Market	Eff. Unit Size	318.00	Public Land Boundary	
Highest & Best Use	Development	SCA \$/Unit	805.03	Amenities	
Address		Multiplier Unit		Ac/AUM	
City	Three Forks	Multiplier No.		Pasture Quality	Avg
County	Broadwater	Legal Access	Yes-paved cnty	Cropland Quality	
State/Zip	MT /	Physical Access	Yes		
Region/Area/Zone	/ /	View	Average	Tax ID/Recording	J240027
Location	3 NW Three Forks	Utilities	Yes	Sec/Twp/Rge	9 / 2N / 1E
Legal Description:	T2N, R1E, Section 9: W2				

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Irrg Land	%	Ac.			X \$	= \$	
Dry Cropland	%	Ac.			X \$	= \$	
Hayland	%	Ac.			X \$	= \$	
Tame Pasture	%	Ac.			X \$	= \$	
Rangeland	%	318.00	Ac. 805.03		X \$	= \$	256,000
Farmstead	%	Ac.			X \$	= \$	
Roads/Waste	%	Ac.			X \$	= \$	
Other	%	Ac.			X \$	= \$	
Leases	%	Ac.			X \$	= \$	
Recreational	%	Ac.			X \$	= \$	
Totals		318.00	Ac. 805.03		X \$	= \$	256,000
CEV Price \$	256,000	- Land Contribution \$	256,000	= Improvement Contribution \$			

Income Analysis

Income Estimate Basis: <input type="checkbox"/> Cash <input type="checkbox"/> Share <input type="checkbox"/> Owner/Operator								
Income Source		Unit	Stabilized	Total Production		Cash/Share/Owner Income		
<input type="checkbox"/> Actual <input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$	
Rangeland	318.00	Acres	0.40	20.00	2,544	100	2,544	
Improvements <input type="checkbox"/>	Improvements Included in Land Rent			/mo	/yr			
Stabilized Gross Income = \$						2,544		
Expense Items:		Expenses (cont.):		Expenses (cont.):				
Real Estate Tax	\$		\$		\$			
Insurance	\$		\$		\$			
Maintenance	\$		\$		\$			
Management	\$		\$		\$			
Total Expenses	/	Stabilized G.I.	2,544	= Expense Ratio	%	Total Expenses = \$		
Net Income	2,544	/	CEV Price	256,000	= Cap Rate	0.99 %	Net Income = \$	2,544

Index #	Database #	82								Sale #	1
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
	Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____% Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%										
Comments	Property is surrounding by subdivision on three sides with a half section of State land across the road. Property bought by a local operator who is good friends with seller. Seller had an offer of \$1,500 per acre and refused because it was a developer. South side of unit is level with the northern portion becoming more rolling with seasonal drainage crossing the unit and hills. Buyer plans on farming the parcel.										

Index #

Database # 82

Sale # 1

RIGHT Photo viewing north towards the north boundary of the unit.



LEFT Photo viewing west across the northern portion of the sale property.



RIGHT Photo viewing southwest across unit from the northern portion.

Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #	204	Sale #	2	Unimproved Sale
Grantor	Scofield Irr. Trust	Sales Price	292,000	Property Type	Rural Investment
Grantee	John & Corrine Clark	Other Contrib.		Primary Land Use	Grazing
Deeded Acres	315.52	Net Sale Price	292,000	Document #	168048
Sale Date/DOM	10/12/12 /	\$/Deeded Acre	925.46	MLS #	
Prior Sale Date		Financing	Cash	Surface Water	Seasonal
Prior CEV Price		% Fin. Adj.		Irrg. Water	None
Analysis Code		CEV Price	292,000	Terrain	Level
Source	Seller	SCA Unit Type	Acres	Influences	
Motivation	Open Market	Eff. Unit Size	315.52	Public Land Boundary	
Highest & Best Use	Rural Investment	SCA \$/Unit	925.46	Amenities	
Address	Old Town Rd	Multiplier Unit		Ac/AUM	
City	Three Forks	Multiplier No.		Pasture Quality	Average
County	Broadwater	Legal Access	Yes	Cropland Quality	
State/Zip	MT /	Physical Access	Yes		
Region/Area/Zone	/ /	View	Average	Tax ID/Recording	2413016
Location	3 N of Three Forks	Utilities	Yes	Sec/Twp/Rge	10 / 2N / 1E
Legal Description: T2N, R1E, Section 10: Parcel A of COS 2/370 Less Gravel pit.					

Land-Mix Analysis									
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value		
Irrg Land	%	Ac.			X \$	= \$			
Dry Cropland	%	Ac.			X \$	= \$			
Hayland	%	Ac.			X \$	= \$			
Tame Pasture	%	Ac.			X \$	= \$			
Rangeland	%	315.52	Ac. 925.46		X \$	= \$	292,001		
Farmstead	%	Ac.			X \$	= \$			
Roads/Waste	%	Ac.			X \$	= \$			
Other	%	Ac.			X \$	= \$			
Leases	%	Ac.			X \$	= \$			
Recreational	%	Ac.			X \$	= \$			
Totals		315.52	Ac. 925.46		X \$	= \$	292,001		
CEV Price \$	292,000	- Land Contribution \$	292,001	= Improvement Contribution \$	-1				

Income Analysis									
Income Analysis	Income Estimate Basis:		<input type="checkbox"/>	Cash	<input type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
	Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
	<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
	Rangeland		315.52	Acres	0.20	20.00	1,262	100	1,262
Improvements		<input type="checkbox"/>	Improvements Included in Land Rent				/mo	/yr	
Stabilized Gross Income = \$								1,262	
Expense Items:		Expenses (cont.):				Expenses (cont.):			
Real Estate Tax	\$			\$		\$			
Insurance	\$			\$		\$			
Maintenance	\$			\$		\$			
Management	\$			\$		\$			
Total Expenses		/ Stabilized G.I.	1,262	= Expense Ratio		%	Total Expenses = \$		
Net Income	1,262	/ CEV Price	292,000	= Cap Rate	0.43	%	Net Income = \$	1,262	

Index #		Database #		204		Sale #		2			
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____% Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%											
Comments	Property is triangular in shape and located between Hwy 289 and Old Town Road. Buyer purchased property as an investment and intends to run some cows on it. The seasonal ditch has not had water in it for several years, but the property does have some water rights with it that sold with the property. There is a electrical transfer station located at the northwest corner that is not part of the property.										

Index # _____

Database # _____ 204 _____

Sale # _____ 2 _____



ABOVE: Photo viewing south across the property.

BELOW: Photo viewing south across the sale property.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #	607	Sale #	3	Unimproved Sale
Grantor	Scofield Irrevocable Tr.	Sales Price	1,015,000	Property Type	Agricultural/Recreation
Grantee	Huempfer, Michael	Other Contrib.	None	Primary Land Use	Grain/Cattle
Deeded Acres	1,611.68	Net Sale Price	1,015,000	Document #	167527 (B) 2420731(G)
Sale Date/DOM	07/16/12 /	\$/Deeded Acre	629.78	MLS #	185278
Prior Sale Date		Financing	Cash	Surface Water	Jefferson River
Prior CEV Price		% Fin. Adj.	0	Irrg. Water	Subby
Analysis Code	KCC	CEV Price	1,015,000	Terrain	Nearly leve to steep
Source	Buyer/Broker	SCA Unit Type		Influences	River'
Motivation	Market	Eff. Unit Size	1,611.68	Public Land Boundary	BLM
Highest & Best Use	Agricultural	SCA \$/Unit	629.78	Amenities	River/Views
Address	Old Town Road	Multiplier Unit		Ac/AUM	
City	Three Forks, MT	Multiplier No.		Pasture Quality	Ave
County	Broadwater	Legal Access	Yes per buyer	Cropland Quality	Ave
State/Zip	MT / 59752	Physical Access	Cty roads & easemetn		
Region/Area/Zone	SW / TF / None	View	Mountains, Valley	Tax ID/Recording	WD
Location	3 mi N Three Forks	Utilities	To land along road	Sec/Twp/Rge	18 / T2N / R2E
Legal Description: T2N, R2E: Section 18: Tract 1 202.04 acres, Sec. 17: Tract 1 148.64 acres, T3N,R2E: Section 18 All, T2N, R1E: Section 11: E 1/2, Section 12: W1/2 north of county road.					

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Irrg Land	0 %	Ac.	1,489.00		X \$	= \$	
Dry Cropland	0 %	Ac.	440.00		X \$	= \$	
Hayland	0 %	Ac.	385.00		X \$	= \$	
Tame Pasture	0 %	Ac.	385.00		X \$	= \$	
Rangeland	0 %	574.00	Ac. 375.00		X \$	= \$	215,250
Farmstead	0 %	Ac.	1,489.00		X \$	= \$	
Roads/Waste	0 %	Ac.			X \$	= \$	
Other - remote	0 %	627.00	Ac. 300.00		X \$	= \$	188,100
Leases	0 %	Ac.			X \$	= \$	
Recreational	100 %	410.68	Ac. 1,489.36		X \$	= \$	611,650
Totals		1,611.68	Ac. 629.78		X \$	= \$	1,015,000
CEV Price \$	1,015,000	- Land Contribution \$	1,015,000	= Improvement Contribution \$			

Income Analysis

Income Analysis

Income Estimate Basis:		<input type="checkbox"/>	Cash	<input checked="" type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
Rangeland		1,201.00	AUM	0.28	22.00	7,398	100	7,398
Irr. Pasture		410.68	AUM	1.50	22.00	13,552	100	13,552
Improvements <input type="checkbox"/>		Improvements Included in Land Rent				/mo	/yr	
Stabilized Gross Income = \$								20,950
Expense Items:		Expenses (cont.):			Expenses (cont.):			
Real Estate Tax	\$ 1,208		\$		\$			
Insurance	\$ 403		\$		\$			
Maintenance	\$ 1,500		\$		\$			
Management	\$ 1,048		\$		\$			
Total Expenses	4,159	/ Stabilized G.I.	20,950	= Expense Ratio	19.85	%	Total Expenses = \$	4,159
Net Income	16,791	/ CEV Price	1,015,000	= Cap Rate	1.65	%	Net Income = \$	16,791

Index #	Database #	607		Sale #	3						
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
	Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ % Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %										
Comments	<p>Located in Broadwater and Gallatin Counties with most of the land being in Broadwater County. Access is the Old Town and Eustis Roads, county roads. Section 18 in Broadwater and some of the Gallatin Co. land was reported to not have legal access but buyer stated that an access easement did run with Section 18 so he felt he had legal access. The buyer allocated \$300 per acre for Section 18, \$375 per acre for all other rangeland and around \$1,500 for the river bottomlands. He stated that there is a small amount of land in the river piece on the east side of the river that might have a build site but the remainder is in the flood plain so essentially an open space flood plain type of allocation. The sale is closing in 2 transactions. The first transaction is the portion of the land totalling 1,550.68 acres that they had good legal descriptions on. This sold for \$900,000. The next closing is for \$115,000 that was a piece of river ground that was thought to be 60 acres that had to be surveyed. This land surveyed out at around 121 acres but a lot of it was in the river and an island was reportedly involved. The price was based on 60 acres to that is the acreage that was used in this write up. River, springs, stock dams and wells provide stock water. The vegetation is native range grass with cottonwoods and riparian species along the river. Buyer was a neighboring land owner but the property was listed with Vellinga Real Estate. A portion of the river piece has an old railroad right-of-way going through it that was owned by Huempfer so it severed a portion of the property from the western lands.</p>										

Index #

Database # 607

Sale # 3

Subject Photos.

RIGHT Native rangeland of off Eustis Road.



LEFT Access restricted parcel on timbered side of far mountain beyond dry cropland.

RIGHT Jefferson River on river bottom parcel.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

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Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #	691	Sale #	4	Unimproved Sale
Grantor	Est. Of Floyd Poe	Sales Price	850,000	Property Type	Ag/Rec
Grantee	Crow Creek Ranch, LLC	Other Contrib.		Primary Land Use	Rec/pasture
Deeded Acres	713.00	Net Sale Price	850,000	Document #	167105 NPI
Sale Date/DOM	04/27/12 /	\$/Deeded Acre	1,192.15	MLS #	165988
Prior Sale Date		Financing	Cash	Surface Water	Springs, creeks
Prior CEV Price		% Fin. Adj.	0	Irrg. Water	Yes
Analysis Code	KCC	CEV Price	850,000	Terrain	Nearly level to rolling
Source	Broker	SCA Unit Type	Acre	Influences	Recreation/fishing
Motivation	Open Market	Eff. Unit Size	713.00	Public Land Boundary	None
Highest & Best Use	Rural Rec/Ag.	SCA \$/Unit	1,192.15	Amenities	Views, water
Address	100 Old Woman's Grave	Multiplier Unit		Ac/AUM	
City	Toston	Multiplier No.		Pasture Quality	Ave
County	Broadwater	Legal Access	Yes	Cropland Quality	Ave
State/Zip	MT / 59643	Physical Access	gravel cty road		
Region/Area/Zone	SW / Tos / None	View	Mountains/valley	Tax ID/Recording	0007000604
Location	8 miles W Toston	Utilities	Yes	Sec/Twp/Rge	9 / T5N / R1E
Legal Description: SE4SE4 Section 8, E2, SW4, NW4 Section 9, NE4NE4 Section 17.					

Land-Mix Analysis									
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value		
Irrg Land	100 %	236.00	Ac. 2,150.00			X \$	= \$	507,400	
Dry Cropland	80 %		Ac. 700.00			X \$	= \$		
Hayland	70 %		Ac. 700.00			X \$	= \$		
Tame Pasture	50 %	236.00	Ac. 865.00			X \$	= \$	204,140	
Rangeland	45 %	240.00	Ac. 567.95			X \$	= \$	136,308	
Farmstead	100 %	1.00	Ac. 2,150.00			X \$	= \$	2,150	
Roads/Waste	0 %		Ac.			X \$	= \$		
Other	%		Ac.			X \$	= \$		
Leases	%		Ac.			X \$	= \$		
Recreational	%		Ac. 2,150.00			X \$	= \$		
Totals		713.00	Ac. 1,192.14			X \$	= \$	849,998	
CEV Price \$	850,000	- Land Contribution \$	849,998	= Improvement Contribution \$	2				

Income Analysis									
Income Analysis	Income Estimate Basis:		<input type="checkbox"/>	Cash	<input type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
	Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
	<input checked="" type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
	Rangeland		240.00	AUM	0.35	22.00	1,848	100	1,848
	Hay		236.00	Tons	1.50	70.00	24,780	50	12,390
	Wet Pasture		236.00	AUM	3.00	22.00	15,576	100	15,576
Improvements		<input checked="" type="checkbox"/>	Improvements Included in Land Rent				/mo	/yr	
Stabilized Gross Income = \$								29,814	
Expense Items:		Expenses (cont.):				Expenses (cont.):			
Real Estate Tax	\$	1,000		\$		\$			
Insurance	\$	178		\$		\$			
Maintenance	\$	1,500		\$		\$			
Management	\$	1,490		\$		\$			
Total Expenses		4,168	/ Stabilized G.I.	29,814	= Expense Ratio	13.98	%	Total Expenses = \$	4,168
Net Income		25,646	/ CEV Price	850,000	= Cap Rate	3.02	%	Net Income = \$	25,646

Index #		Database #		691		Sale #		4			
Improvement Analysis											
Replacement Cost											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type	Shed									
	Size	1,800									
	Unit	SF									
	Utility	A									
	Condition	A									
	Age	20									
	Remaining Life	20									
	RCN/Unit	5.50									
	RCN	9,900									
	% Physical Depreciation	50									
	RCN Remainder After Phys. Depr.	5,000									
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.	5,000									
	% External Obsolescence										
	Total Impt. Contribution	5,000									
	Contribution \$/Unit	2.78									
Physical Depreciation <u>49</u> % Functional Obsolescence <u> </u> % External Obsolescence <u> </u> % Total Depreciation <u>49</u> % Total RCN \$ <u>9,900</u> Total Improvement Contribution: \$ <u>5,000</u> Improvement As % of Price <u>1</u> %											
Comments	Buyer is from Philipsburg, MT. Shed built in 1994 is only improvement with value. Broker said buyer valued it at \$5,000 in the sale. The Crow Creek Ranch has multiple creeks on the property. Swamp Creek is a warm year-around spring creek that originates on the acreage; the main fork and west fork of the seasonal Crow Creek flow through the ranch. Most years it is flowing most of the year but can dry up in summer. Excellent water rights with some going back to the 1860's. Irrigated, sub-irrigated, and dry pasture. Cottonwoods, evergreen trees and an old orchard provide habitat for whitetail and mule deer. There have been some moose, bear, turkeys and pheasants seen on the unit. This unit is right near Radarsburg, MT an older mining community. Townsend is the main service town. Elevation is 4200 to 4300 feet. Mt. Hwy 285 clips the southwest corner of the property and Old Woman's Grave Road runs along the eastern boundary. Native grass hay and native grass pasture have been raised on the ranch for over 100 years. For several years prior to the sale the property was used for forage production and grazing for 100 cows. Water rights dating from 1866 to 1924.										

Index #

Database # 691

Sale # 4

Sale Photos

RIGHT Looking northwest across main part of rangeland.



LEFT Dry creek bed. Photo taken in September 2012.



RIGHT Looking northeast at hay ground.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.

Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #		952	Sale #		5
Grantor	Dykman, et al	Sales Price	340,000	Property Type	Rural Rec./Res	
Grantee	Davis Homestead, LLC	Other Contrib.		Primary Land Use	Pasture	
Deeded Acres	257.71	Net Sale Price	340,000	Document #	163100	
Sale Date/DOM	04/15/10 / 1,277	\$/Deeded Acre	1,319.31	MLS #		
Prior Sale Date		Financing	Cash	Irrg. Water		
Prior CEV Price		% Fin. Adj.		Surface Water	Dry Creek	
Analysis Code	KCC	CEV Price	340,000	Influences	Creek	
Source	FCS/Grantee	SCA Unit Type	Acre	Public Land Boundary	1 Mile East	
Motivation	Open Market	Eff. Unit Size	257.71	Terrain	Level to rolling	
Highest & Best Use	Rural Recreational	SCA \$/Unit	1,319.31	Tons/Ac		
Address	Townsend	Multiplier Unit		Amenities	Wildlife	
City	Townsend	Multiplier No.		Pasture Quality	Avg	
County	Broadwater	Legal Access	Y	Cropland Quality	N/A	
State/Zip	MT /	Physical Access	County Gravel			
Region/Area/Zone	sw / t / no	View	Yes mtns	Tax ID/Recording		
Location	10 SE Townsend	Utilities	Yes along road	Sec/Twp/Rge	20 / T6N / R3E	
Legal Description:	T6N, R3E, Section 28: NWNW, S2NW, SWSWNE, N2NWNWSE, W2SW, W2W2E2SW; Tract A of COS Book 2 page 311					

Land-Mix Analysis									
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value		
Irrg Land	%	Ac.			X \$	= \$			
Dry Cropland	%	Ac.			X \$	= \$			
Hayland	%	Ac.			X \$	= \$			
Tame Pasture	%	Ac.			X \$	= \$			
Rangeland	%	257.71	Ac. 1,319.31		X \$	= \$	339,999		
Farmstead	%	Ac.			X \$	= \$			
Roads/Waste	%	Ac.			X \$	= \$			
Other	%	Ac.			X \$	= \$			
Leases	%	Ac.			X \$	= \$			
Recreational	%	Ac.			X \$	= \$			
Totals		257.71	Ac. 1,319.31		X \$	= \$	339,999		
CEV Price \$	340,000	- Land Contribution \$	339,999	= Improvement Contribution \$	1				

Income Analysis									
Income Analysis	Income Estimate Basis:		<input type="checkbox"/>	Cash	<input checked="" type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
	Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
	<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
	Rangeland		257.71	Acres	0.30	14.00	1,082	100	1,082
Improvements		<input type="checkbox"/>	Improvements Included in Land Rent				/mo	/yr	
Stabilized Gross Income = \$								1,082	
Expense Items:		Expenses (cont.):				Expenses (cont.):			
Real Estate Tax	\$			\$		\$			
Insurance	\$			\$		\$			
Maintenance	\$			\$		\$			
Management	\$			\$		\$			
Total Expenses		/	Stabilized G.I.	1,082	=	Expense Ratio	%	Total Expenses = \$	
Net Income	1,082	/	CEV Price	340,000	=	Cap Rate	0.32 %	Net Income = \$	1,082

Index #		Database #		952		Sale #		5			
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
	Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____% Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%										
Comments	<p>Listed for 3.5 years. Unimproved tract sale. Surrounded by privately held lands. USFS 1 mile to east. Adjoining lands are comprised of mid to large size tracts. The area is comprised of larger traditional livestock/farming operations, with a mix of recreational and/or part-time farm properties. The property is beyond the areas of significant rural residential pressures associated with areas closer to Gallatin County and near Canyon Ferry Res. Located near the base of the Belt Mountains, considering the size the topography of this unit is relatively diverse. Dry Creek, a small perennial creek, flows through the northern tip of the property providing a source of water to livestock and area wildlife and livestock alike. This area is characterized by nearly level to gently rolling terrain. Typical for the areas small creek systems, willow cover ample along banks of Dry Creek gives way to sagebrush and juniper cover as you move away from the creek. There are various smaller draws/coulees running from south to north converging with a more prominent draw along the northeastern boundaries. There is ample tree and brush cover located within these draws and coulees. The southern portion is open rolling grassland meadows with excellent views of mountains.</p>										

Index # _____

Database # _____ 952 _____

Sale # _____ 5 _____

Sale Photos



ABOVE: Treed area.

BELOW: Looking at native range.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

Page 51 of 51

ADDENDA

Exhibit 1 - Engagement Letter and Scope of Work

Exhibit 2 - Cadastral Sheets

Exhibit 3 - Access Pairings

Exhibit 4 - FEMA Maps & Soil Maps

Exhibit 5 - Qualifications of Appraisers

EXHIBIT 1

FOR DNRC USE ONLY

Maximum amount under this agreement: \$4,500

Source of Funds
Land Banking Private Closing Costs

Fund Name
Land Banking Private Closing Costs

Fund No.
02031

Subclass
555HA

Org. No.
6043-59

Percent
100%

Approved

No. 137320
Amendment No. _____
Division J.G.
F.S.O. JW
Legal THB



DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
TRUST LAND MANAGEMENT DIVISION

APPRAISAL OF POTENTIAL LAND BANKING SALE PARCELS IN BROADWATER COUNTY

1. **PARTIES**

THIS CONTRACT is entered into by and 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, Helena, MT 59620-1601, (406) 444-4165 and Kim C. Colvin, Terra Western Associates, (hereinafter referred to as the "Contractor"), whose address and phone number are P.O. Box 11950, Bozeman, Montana, 59719 and (406) 522-9844, cell (406) 539-4924 and kim@terrawestern.com.

THE PARTIES AGREE AS FOLLOWS:

2. **EFFECTIVE DATE, DURATION, AND RENEWAL**

2.1 Contract Term. This contract shall take effect upon contract execution and terminate on April 1, 2013, unless terminated earlier in accordance with the terms of this contract. (Section 18-4-313, MCA) **The appraisal report is to be completed and forwarded to Montana DNRC, Emily Cooper, and P.O. Box 201601, Helena, MT 59620-1601 by February 28, 2013.**

2.2 Contract Renewal. This contract may, upon mutual agreement between the parties and according to the terms of the existing contract, be renewed in any interval that is advantageous to the State. This contract, including any renewals, may not exceed a total of one year.

3. SERVICES AND/OR SUPPLIES

Contractor agrees to provide to the State the following: The Contractor shall be responsible for providing a credible appraisal, in a summary report format, conducted and prepared in compliance with the current Uniform Standards of Professional Appraisal Practice, for the parcels in Broadwater County, as described in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions.

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 parcel data and the analysis, opinions, and conclusions of value 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.

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

4. CONSIDERATION/PAYMENT

4.1 Payment Schedule. In consideration for the services to be provided, the State shall pay an amount not to exceed Four Thousand Five Hundred and No/100 Dollars (\$4,500.). The Contractor shall submit an invoice with the submission of the appraisal report to the DNRC for payment for services rendered. Payment will be made within thirty (30) days of delivery of services/goods and receipt of a properly executed invoice, as long as the DNRC's review of said services/goods finds them acceptable. If the work submitted fails to meet Contract specifications set out herein, payment will be withheld for the unsatisfactory work. The Contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made. If agreed upon work is not brought to acceptable standards, the Contract Agreement will be terminated for unsatisfactory performance and no payment will be made.

4.2 Withholding of Payment. The State may withhold payments to the Contractor if the Contractor has not performed in accordance with this contract. Such withholding cannot be greater than the additional costs to the State caused by the lack of performance.

5. ACCESS AND RETENTION OF RECORDS

5.1 Access to Records. The Contractor agrees to provide the State, Legislative Auditor or their authorized agents access to any records necessary to determine contract compliance. (Section 18-1-118, MCA)

5.2 Retention Period. The Contractor agrees to create and retain records supporting the a summary appraisal report provided for a period of three years after either the completion date of this contract or the conclusion of any claim, litigation, or exception relating to this contract taken by the State of Montana or a third party.

6. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

The Contractor shall not assign, transfer, or subcontract any portion of this contract without the express written consent of the State. (Section 18-4-141, MCA) The Contractor shall be 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 the Contractor. No contractual relationships exist between any subcontractor and the State.

7. HOLD HARMLESS/INDEMNIFICATION

The Contractor agrees to protect, defend, and save the 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 the 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 the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under this agreement.

8. REQUIRED INSURANCE

8.1 Primary Insurance. The 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 excess of the Contractor's insurance and shall not contribute with it.

8.2 Specific Requirements for Professional Liability. The Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of \$300,000 per occurrence and \$600,000 aggregate per year to cover such claims as may be caused by any act, omission, negligence of the Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: if "occurrence" coverage is unavailable or cost prohibitive, the Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of the 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.

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

8.4 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 Department of Natural Resources and Conservation PO Box 201601, Helena, MT 59620-1601. The Contractor must notify the State immediately, of any material change in insurance coverage, such as changes in limits, coverage's, change in status of policy, etc. The State reserves the right to require complete copies of insurance policies at all times.

9. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with sections 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 the contractor nor its employees are employees of the State. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135, upon expiration.

10. COMPLIANCE WITH LAWS

The Contractor must, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, the Contractor agrees that the hiring of persons to perform the 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 by the persons performing the contract.

11. CONTRACT TERMINATION

11.1 Termination for Cause. The State may, by written notice to the Contractor, terminate this contract in whole or in part at any time the Contractor fails to perform this contract.

11.2 Reduction of Funding. The State must 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. (See section 18-4-313(4), MCA.)

12. LIAISON AND SERVICE OF NOTICES

All project management and coordination on behalf of the State shall 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 pursuant to this contract shall be coordinated between the State's liaison and the Contractor's liaison.

Emily Cooper will be the liaison for the State.

(Address): PO Box 201601
(City, State, ZIP): Helena, MT 59620-1601
Telephone: (406)444-4165
Cell Phone:
Fax: (406)444-2684
E-mail: ecooper@mt.gov

Kim C. Colvin will be the liaison for the Contractor.

(Address): P.O. Box 11950

(City, State, ZIP): Bozeman, MT 59719
Telephone: (406) 522-9844
Cell Phone: (406) 539-4924
Fax:
E-mail: kim@terrawestern.com

The State's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints will first be directed to the liaison.

13. MEETINGS

The Contractor is required to meet with the State's personnel, or designated representatives, to resolve technical or contractual problems that may occur during the term of the contract 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. Meetings will occur as problems arise and will be coordinated by the State. The Contractor will be given a minimum of three full working days notice of meeting date, time, and location. Face-to-face meetings are desired. However, at the 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 to make a good faith effort to resolve problems, may result in termination of the contract.

14. CONTRACTOR PERFORMANCE ASSESSMENTS

The State may do assessments of the Contractor's performance. This contract may be terminated for one or more poor performance assessments. Contractors will have the opportunity to respond to poor performance assessments. The State will make any final decision to terminate this contract based on the assessment and any related information, the Contractor's response and the severity of any negative performance assessment. The Contractor will be notified with a justification of contract termination. Performance assessments may be considered in future solicitations.

15. TRANSITION ASSISTANCE

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

16. CHOICE OF LAW AND VENUE

This contract is governed by the laws of Montana. The parties agree that any litigation concerning this bid, proposal or subsequent 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. (See section 18-1-401, MCA.)

17. SCOPE, AMENDMENT, AND INTERPRETATION

17.1 Contract. This contract consists of 6 numbered pages, Attachment A, Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program, pages 7 & 8; Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions, page 9 through 11. In the case of dispute or ambiguity about the minimum levels of performance by the Contractor the order of precedence of document interpretation is in the same order.

17.2 Entire Agreement. These documents contain the entire agreement of the parties. Any enlargement, alteration or modification requires a written amendment signed by both parties.

18. PUBLIC INFORMATION AND OWNERSHIP OF PRODUCTS

All information resulting from the project funded under this Agreement shall be made available to the public. Upon completion of this Agreement, all information, reports, data, records, documents, and materials pertaining to this Agreement shall be available to the public. The Contractor shall indemnify and hold harmless DNRC from liability for injury caused by the release of any information, reports, data, records, documents, and materials provided by the Contractor. All copyrights, patents, or other royalty rights resulting from the completion of this Agreement or the information, reports, records, data documents, materials, and end products of this Agreement shall be the sole property of the DNRC.

19. EXECUTION

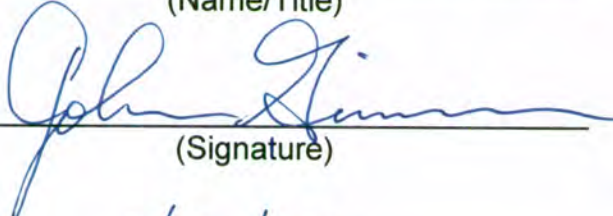
The parties through their authorized agents have executed this contract on the dates set out below.

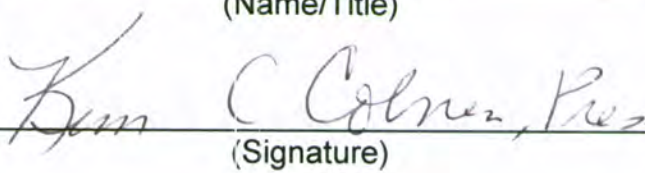
Department of Natural Resources & Conservation
PO Box 201601
Helena, MT, 59620-1601

Kim C. Colvin
Terra Western Associates
P.O. Box 11950
Bozeman, MT 59719
FEDERAL ID # _____

BY: JOHN GRIMM, R.E.M.B. CHIEF
(Name/Title)

BY: Kim C. Colvin, Pres.
(Name/Title)


(Signature)


(Signature)

DATE: 1/2/13

DATE: 1/4/13

ATTACHMENT A

Scope of Work for Appraisals of Potential Property Sales 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 in a Summary Report format, that is, it 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 each 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.

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

ATTACHMENT B

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION Supplemental Appraisal Instructions

Subject Property (Located in Broadwater County):

Sale #	Acres ±	Legal
302	161.63	Lot 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$ Section 4, T2N-R2E
303	160	NE $\frac{1}{4}$, Section 8, T2N-R2E
336	637.84	Lots 1-4, N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, Section 16, T3N-R2E
337	280	SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 32, T4N-R2E

Area Office Contact Information:

Gavin Anderson
8001 North Montana Ave.
Helena, MT 59602
Phone: 406/458-3500
Fax: 406/458-3506
Direct Line: 406/458-3502

Lessees:

Lease # 9823 & 9824
MCL Land & Livestock Enterprises
(406) 585-9376

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

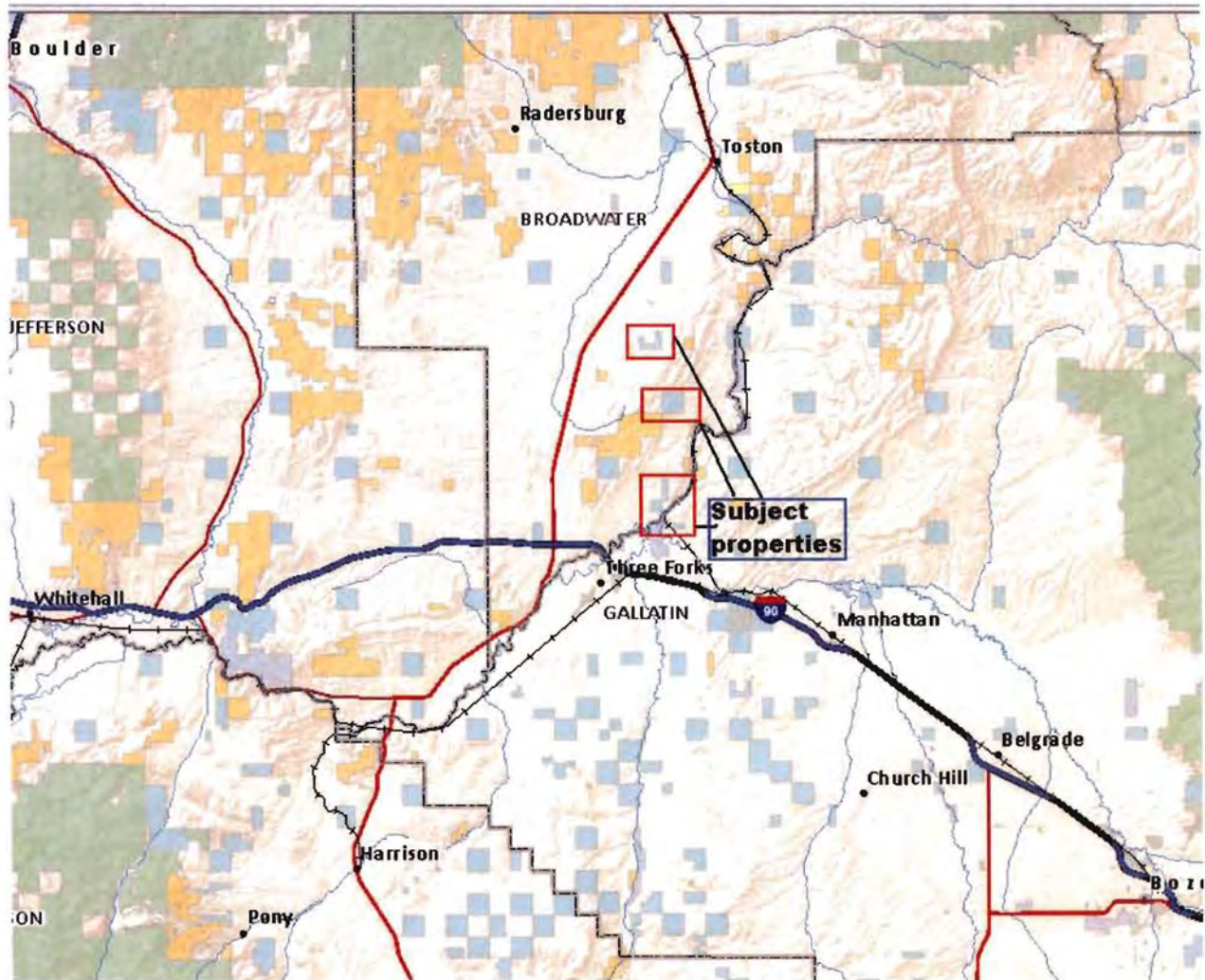
The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the 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 offices, including but not limited to aerial photos, land improvements, current lease data (lease #, name of lessee, , acres, costs, etc.), property issues. The local land office will provide the contact information to the appraiser in order for the appraiser to obtain access to the proponent's property.

Location Map of Parcels

Location Map of Parcel



Land Banking Sales Parcel Maps

Sale 302: Lot 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$ Section 4, T2N-R2E

Sale 303: NE $\frac{1}{4}$, Section 8, T2N-R2E



Sale 336: Lots 1-4, N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, Section 16, T3N-R2E



Sale 337: SE¼NE¼, NE¼SE¼, S½S½, NW¼SW¼, Section 32, T4N-R2E

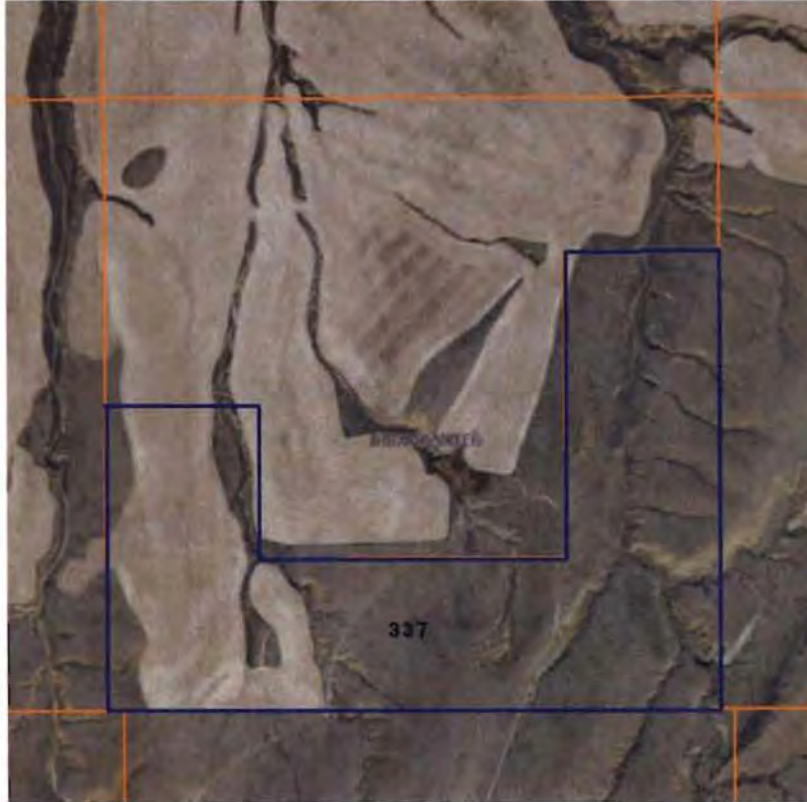


EXHIBIT 2

Property: **State of Montana - Broadwater County property sale #336**

Sec.	Twp.	Rng.	Legal Description	Total Acres	Irr. Crop	Dry Crop	Hayland	Market	Forest	Native Range	Farmsite
16	3N	2E	ALL	640.000		4.196				635.804	
			Total	640.000		4.196				635.804	

Grazing Allotment	Acres	AUMs	Ac/AUM
BLM			
BLM			
State of Montana			
Total	0	0	

Summary

<u>Land Type</u>	<u>Acres</u>	<u>Value</u>
Grazing	635.804	00.00
Fallow	4.196	00.00
Irrigated	0.000	00.00
Continuous Crop	0.000	00.00
Wild Hay	0.000	00.00
Farmsite	0.000	00.00
ROW	0.000	00.00
NonQual Land	0.000	00.00
Total Ag Land	640.000	00.00
Total Forest Land	0.000	00.00
Total Market Land	0.000	00.00

<http://svc.mt.gov/msl/mtcadastral/PrintPropertyRecordCard/GetPropertyRecordCardData?...> 1/27/2013

Deed Date	Book	Page	Recorded Date	Document Number	Document Type
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Owners

Party #1

Default Information: STATE OF MONTANA
PO BOX 1128

Ownership %: 100

Primary Owner: "Yes"

Interest Type: Conversion

Last Modified: 12/6/2007 11:57:08 PM

Other Names

Other Addresses

Name

Type

Appraisals**Appraisal History**

Tax Year	Land Value	Building Value	Total Value	Method
2012	16965	0	16965	COST
2011	16965	0	16965	COST

Market Land**Market Land Info**

No market land info exists for this parcel

Dwellings**Existing Dwellings**

No dwellings exist for this parcel

Other Buildings/Improvements

Outbuilding/Yard Improvements

No other buildings or yard improvements exist for this parcel

Commercial**Existing Commercial Buildings**

No commercial buildings exist for this parcel

Ag/Forest Land

Ag/Forest Land Item #1

Acre Type: F - Summer Fallow

Class Code: 1451

Productivity

Quantity: 1.452

Units: Bushels/Acre

Irrigation Type:

Timber Zone:

Commodity: Spring Wheat

Valuation

Acres: 3.052**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #2

Acre Type: F - Summer Fallow**Irrigation Type:****Class Code:** 1451**Timber Zone:**

Productivity

Quantity: 30.099**Commodity:** Spring Wheat**Units:** Bushels/Acre

Valuation

Acres: 1.144**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #3

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.125**Commodity:** Grazing Fee**Units:** AUM/Acre

Valuation

Acres: 505.011**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #4

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.195**Commodity:** Grazing Fee**Units:** AUM/Acre

Valuation

Acres: 113.278**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #5

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.269**Commodity:** Grazing Fee**Units:** AUM/Acre

Valuation

Acres: 17.515**Per Acre Value:** 0**Value:** 0

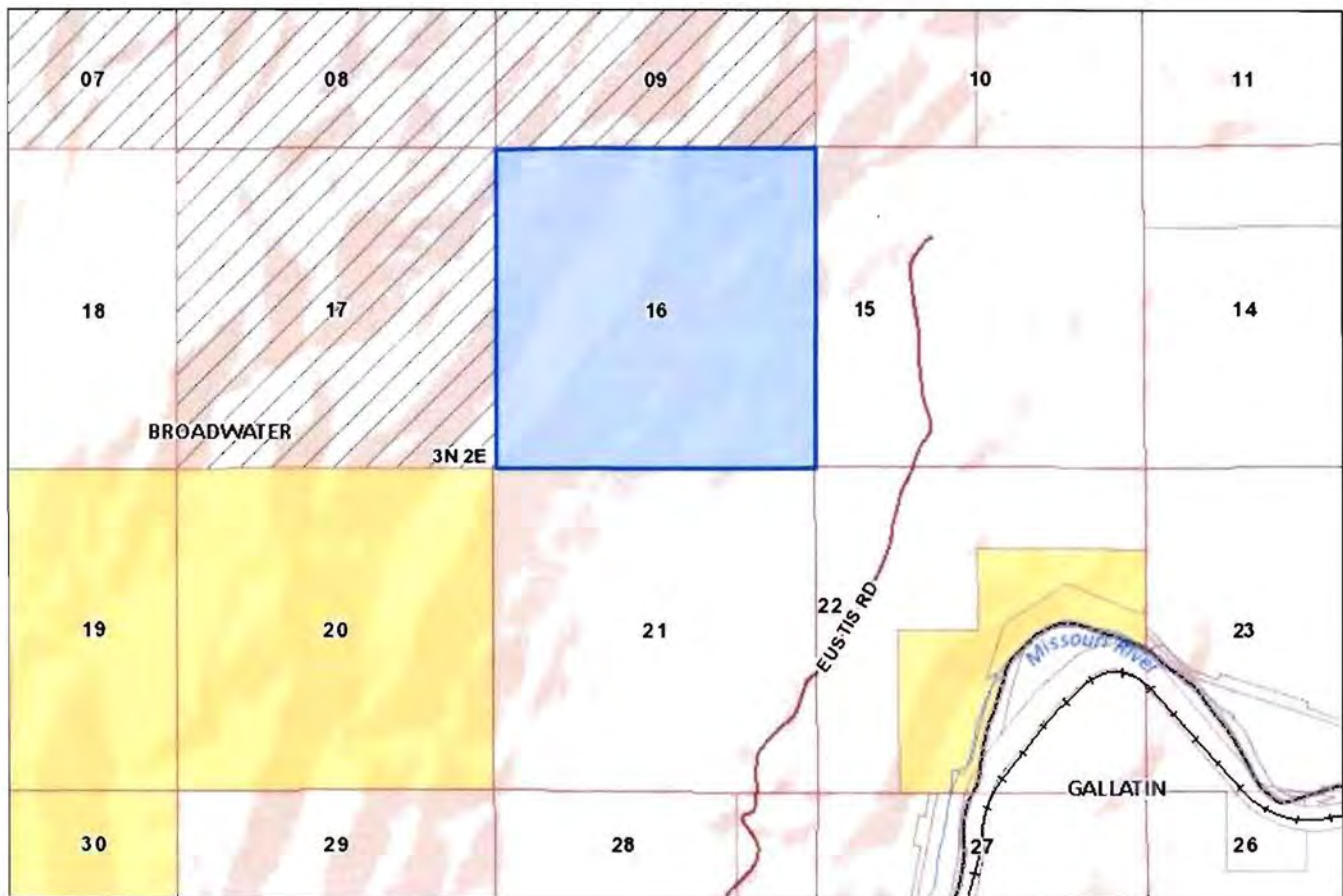


EXHIBIT 3

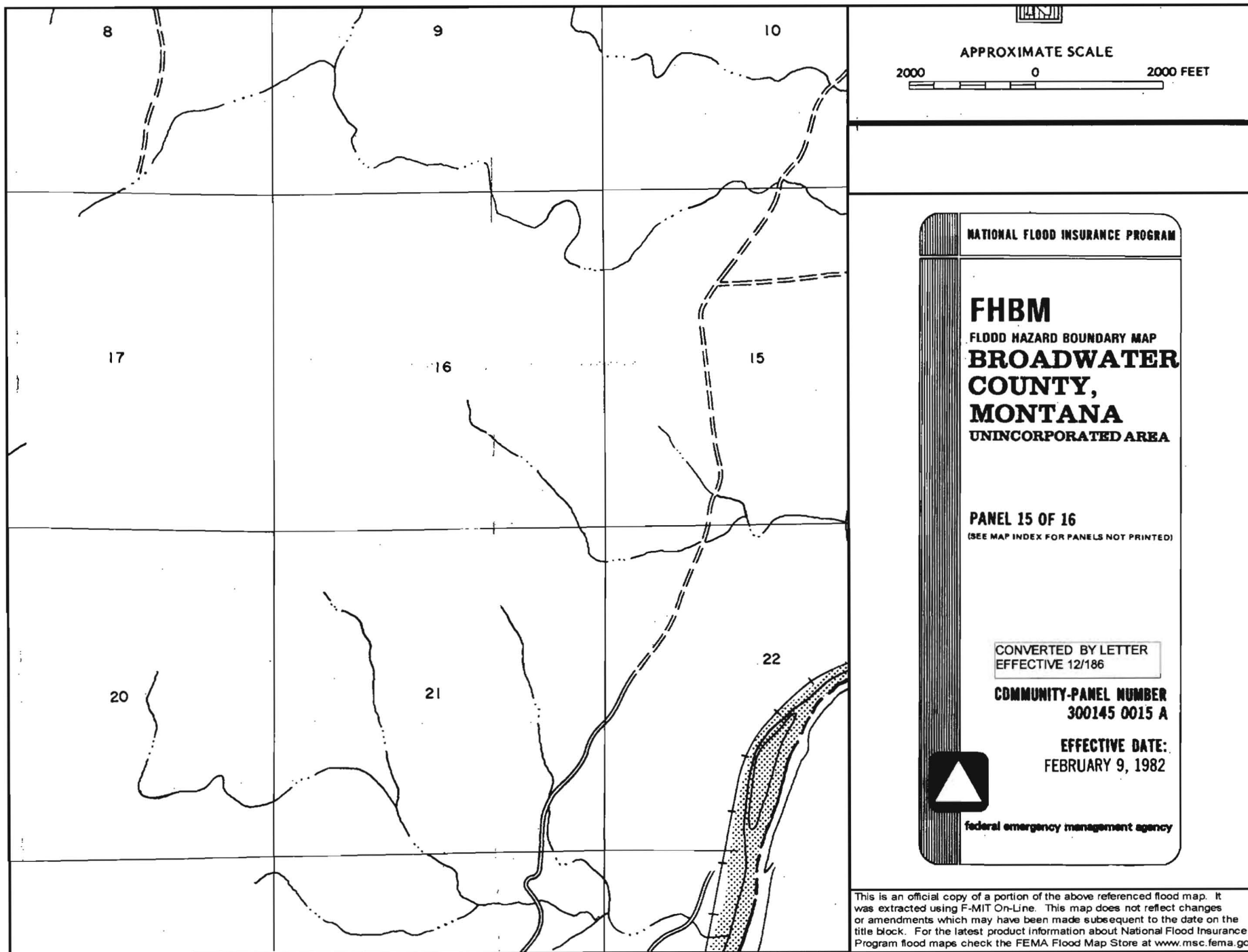
MARKET DATA ACCESS PAIRINGS								
Database #	Sale Date	Seller/Buyer	County	Sale Price	Deeded Acres	Access	Land Value Per Acre	Value Difference
JE-01-29	Sep-01	MT Tunnels/ Wallace	Jefferson	\$13,900	16.56	Phy/ No Legal	\$839	45.8%
JE-01-118	Sep-01	Bergsma/ Glanschneg	Jefferson	\$31,000	20	Gravel	\$1,549	
JE-01-29	Sep-01	MT Tunnels/ Wallace	Jefferson	\$13,900	16.56	Phy/ No Legal	\$839	65.8%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-01-29	Sep-01	MT Tunnels/ Wallace	Jefferson	\$13,900	16.56	Phy/ No Legal	\$839	49.1%
JE-01-117	Aug-01	Taylor/ Burrows	Jefferson	\$33,000	20.01	Gravel	\$1,649	
JE-01-31	Nov-01	MT Tunnels/ Pfister	Jefferson	\$26,200	17.50	Phy/ No Legal	\$1,497	38.9%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-01-30	Nov-01	MT Tunnels/ Counts	Jefferson	\$17,468	20.66	Phy/ No Legal	\$845	65.5%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-01-30	Nov-01	MT Tunnels/ Counts	Jefferson	\$17,468	20.66	Phy/ No Legal	\$845	45.4%
JE-01-118	Sep-01	Bergsma/ Glanschneg	Jefferson	\$31,000	20	Gravel	\$1,549	
JE-01-30	Nov-01	MT Tunnels/ Counts	Jefferson	\$17,468	20.66	Phy/ No Legal	\$845	48.7%
JE-01-117	Aug-01	Taylor/ Burrows	Jefferson	\$33,000	20.01	Gravel	\$1,649	
JE-02-1	Dec-01	MT Tunnels/ Conts	Jefferson	\$25,332	20.60	Phy/ No Legal	\$1,230	49.8%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-03-103	Sep-03	Y.T. Timber/ Adamson	Jefferson	\$278,000	505.58	Phy/No Legal	\$550	8.4%
JE-02-153	Sep-02	Y.T. Timber/ Palmer	Jefferson	\$178,200	297.00	FS Road	\$600	
JE-05-37	Aug-05	Blixseth/ Highland	Jefferson	\$150,000	384.82	Phy/No Legal	\$390	35.0%
JE-02-153	Sep-02	Y.T. Timber/ Palmer	Jefferson	\$178,200	297.00	FS Road	\$600	
JE-05-37	Aug-05	Blixseth/ Highland	Jefferson	\$150,000	384.82	Phy/No Legal	\$390	75.6%
JE-99-11	Oct-99	Highland/ Eagle Stud	Jefferson	\$486,500	540.00	Gravel	\$1,596	
HB-109	Jan-06		Jefferson	\$49,015	61.81	None	\$793	
HB-108			Broadwater	\$275,018	75.93	Cnty Rd	\$3,622	
HB-109	Jan-06		Jefferson	\$49,015	61.81	None	\$793	72.9%
HB-107	Apr-04		Jefferson	\$775,000	264.67	Cnty Rd	\$2,928	

TA

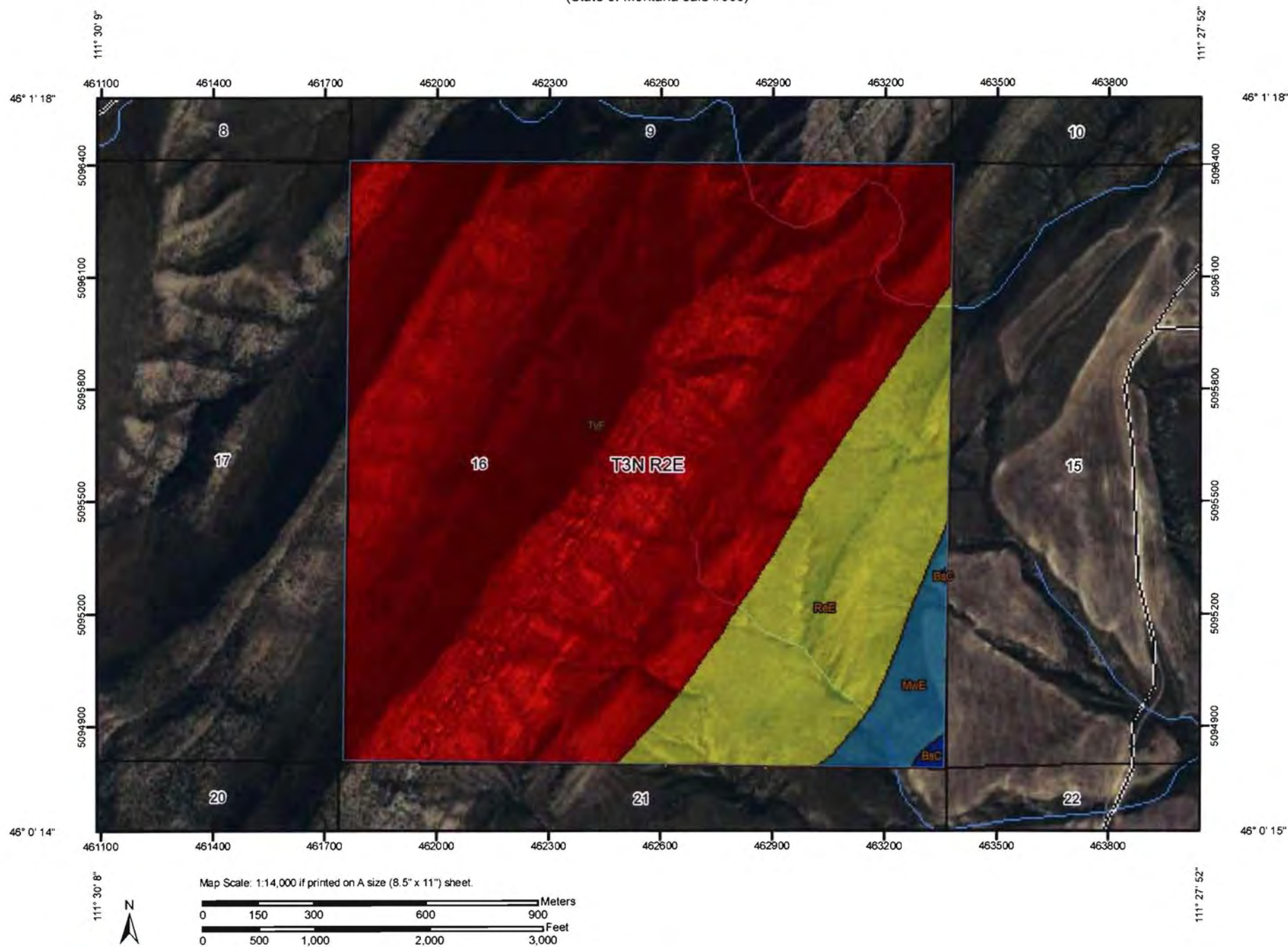
MARKET DATA ACCESS PAIRINGS								
Database #	Sale Date	Seller/Buyer	County	Sale Price	Deeded Acres	Access	Land Value Per Acre	Value Difference
	Jan-99	Corbett/Connly	Lewis&Clark	\$401,000	2,088	prescriptive	\$192	49.5%
	Oct-97	Dipper J/ Broadmarkle	Lewis&Clark	\$1,200,000	3,520	private	\$380	
*LC-99-34	Sep-99	Warren/Rice	Lewis&Clark	\$60,000	20.64	Phy/ No Legal	\$2,907	22.0%
LC-99-57	Oct-99	Mitchell/	Lewis&Clark	\$74,500	20.00	Cnty gravel	\$3,725	
LC-98-27	Jun-98	Baitis/	Lewis&Clark	\$26,500	20.00	Seasonal	\$1,325	32.9%
LC-98-95	Apr-98	Retz- Realtor	Lewis&Clark	\$39,500	20.00	Legal- RR	\$1,975	
GA-00-16	Aug-00	Big Sky Lmb/ Wytana	Gallatin	\$1,654,300	1,139	None	\$1,452	62.8%
GA-00-14	Sep-00	McDougal/ Tomasko	Gallatin	\$2,500,000	640	Seasonal	\$3,906	
	Jun-10	Hahola	Gallatin	\$400,000	159.87	None	\$2,502	37.4%
				\$640,000	160.00		\$4,000	
	Aug-09	Skogan	Gallatin	\$450,000	160.00	Seasonal	\$2,813	29.7%
				\$640,000	160.00		\$4,000	

46.4%

EXHIBIT 4




Range Production (Normal Year)—Broadwater County Area, Montana
(State of Montana sale #336)



Range Production (Normal Year)—Broadwater County Area, Montana
(State of Montana sale #336)

MAP LEGEND

Area of Interest (AOI)


 Area of Interest (AOI)


Soils


 Soil Map Units


Soil Ratings

 ≤ 528

 $> 528 \text{ AND } \leq 820$


 $> 820 \text{ AND } \leq 1177$


 $> 1177 \text{ AND } \leq 1360$

 Not rated or not available


Political Features

 Cities

 PLSS Township and Range

 PLSS Section


Water Features

 Streams and Canals


Transportation

 Rails

 Interstate Highways

 US Routes

 Major Roads

 Local Roads

MAP INFORMATION

Map Scale: 1:14,000 if printed on A size (8.5" x 11") sheet

The soil surveys that comprise your AOI were mapped at 1:24,000.

Please rely on the bar scale on each map sheet for accurate map measurements.

Source of Map: Natural Resources Conservation Service

Web Soil Survey URL: <http://websoilsurvey.nrcs.usda.gov>

Coordinate System: UTM Zone 12N NAD83

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Broadwater County Area, Montana

Survey Area Data: Version 11, Jan 5, 2012

Date(s) aerial images were photographed: 8/15/2005, 8/6/2005

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

Range Production (Normal Year)

Range Production (Normal Year)— Summary by Map Unit — Broadwater County Area, Montana (MT609)				
Map unit symbol	Map unit name	Rating (pounds per acre per year)	Acres in AOI	Percent of AOI
BsC	Brocko silt loam, 5 to 9 percent slopes	1360	1.4	0.2%
MwE	Musselshell-Crago channery loams, 15 to 35 percent slopes	1177	21.4	3.3%
ReE	Rencot channery loam, 15 to 35 percent slopes	820	113.5	17.7%
TvF	Tropal-Rock outcrop complex, 15 to 60 percent slopes	528	503.8	78.7%
Totals for Area of Interest			640.2	100.0%

Description

Total range production is the amount of vegetation that can be expected to grow annually in a well managed area that is supporting the potential natural plant community. It includes all vegetation, whether or not it is palatable to grazing animals. It includes the current year's growth of leaves, twigs, and fruits of woody plants. It does not include the increase in stem diameter of trees and shrubs. It is expressed in pounds per acre of air-dry vegetation. In a normal year, growing conditions are about average. Yields are adjusted to a common percent of air-dry moisture content.

In areas that have similar climate and topography, differences in the kind and amount of vegetation produced on rangeland are closely related to the kind of soil. Effective management is based on the relationship between the soils and vegetation and water.

Rating Options

Units of Measure: pounds per acre per year

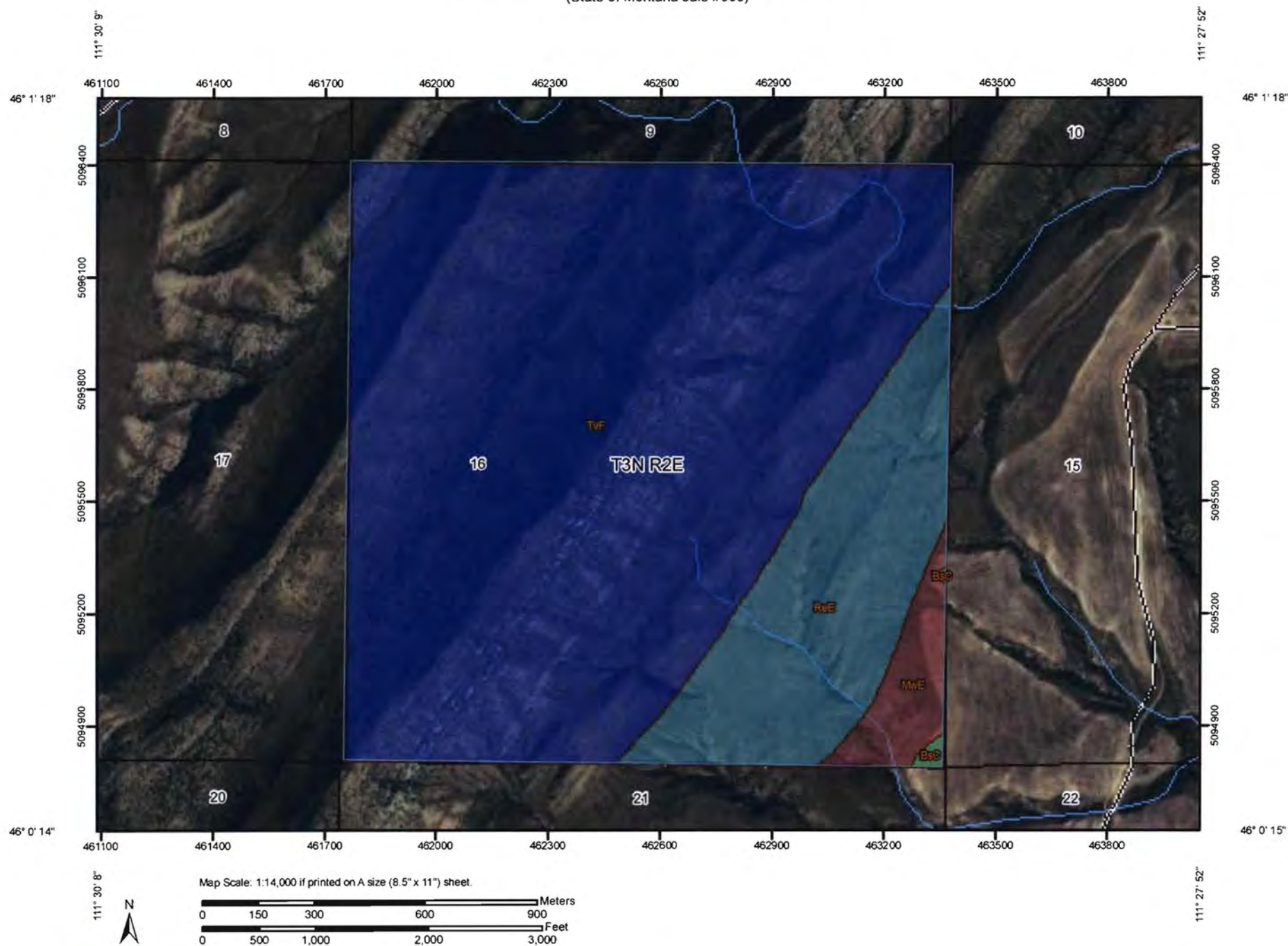
Aggregation Method: Weighted Average

Component Percent Cutoff: None Specified

Tie-break Rule: Higher

Interpret Nulls as Zero: Yes

Soil Taxonomy Classification—Broadwater County Area, Montana
(State of Montana sale #336)



Soil Taxonomy Classification—Broadwater County Area, Montana
(State of Montana sale #336)

MAP LEGEND

- Area of Interest (AOI)**
-  Area of Interest (AOI)
- Soils**
-  Soil Map Units
- Soil Ratings**
-  Coarse-loamy, carbonatic Borollic Calciorhids
 -  Coarse-silty, mixed Borollic Calciorhids
 -  Loamy-skeletal, carbonatic Lithic Cryochrepts
 -  Loamy-skeletal, mixed Borollic Lithic Calciorhids
 -  Not rated or not available
- Political Features**
-  Cities
 -  PLSS Township and Range
 -  PLSS Section
- Water Features**
-  Streams and Canals
- Transportation**
-  Rails
 -  Interstate Highways
 -  US Routes
 -  Major Roads
- Local Roads**
- 

MAP INFORMATION

Map Scale: 1:14,000 if printed on A size (8.5" × 11") sheet.

The soil surveys that comprise your AOI were mapped at 1:24,000.

Please rely on the bar scale on each map sheet for accurate map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL: <http://websoilsurvey.nrcs.usda.gov>
Coordinate System: UTM Zone 12N NAD83

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Broadwater County Area, Montana
Survey Area Data: Version 11, Jan 5, 2012

Date(s) aerial images were photographed: 8/15/2005; 8/6/2005

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

Soil Taxonomy Classification

Soil Taxonomy Classification— Summary by Map Unit — Broadwater County Area, Montana (MT609)				
Map unit symbol	Map unit name	Rating	Acres in AOI	Percent of AOI
BsC	Brocko silt loam, 5 to 9 percent slopes	Coarse-silty, mixed Borollic Calciorthids	1.4	0.2%
MwE	Musselshell-Crago channery loams, 15 to 35 percent slopes	Coarse-loamy, carbonatic Borollic Calciorthids	21.4	3.3%
ReE	Rencot channery loam, 15 to 35 percent slopes	Loamy-skeletal, mixed Borollic Lithic Calciorthids	113.5	17.7%
TvF	Tropai-Rock outcrop complex, 15 to 60 percent slopes	Loamy-skeletal, carbonatic Lithic Cryochrepts	503.8	78.7%
Totals for Area of Interest			640.2	100.0%

Description

This rating presents the taxonomic classification based on Soil Taxonomy.

The system of soil classification used by the National Cooperative Soil Survey has six categories (Soil Survey Staff, 1999 and 2003). Beginning with the broadest, these categories are the order, suborder, great group, subgroup, family, and series. Classification is based on soil properties observed in the field or inferred from those observations or from laboratory measurements. This table shows the classification of the soils in the survey area. The categories are defined in the following paragraphs.

ORDER. Twelve soil orders are recognized. The differences among orders reflect the dominant soil-forming processes and the degree of soil formation. Each order is identified by a word ending in sol. An example is Alfisols.

SUBORDER. Each order is divided into suborders primarily on the basis of properties that influence soil genesis and are important to plant growth or properties that reflect the most important variables within the orders. The last syllable in the name of a suborder indicates the order. An example is Udalfs (Ud, meaning humid, plus alfs, from Alfisols).

GREAT GROUP. Each suborder is divided into great groups on the basis of close similarities in kind, arrangement, and degree of development of pedogenic horizons; soil moisture and temperature regimes; type of saturation; and base status. Each great group is identified by the name of a suborder and by a prefix that indicates a property of the soil. An example is Hapludalfs (Hapl, meaning minimal horizonation, plus udalfs, the suborder of the Alfisols that has a udic moisture regime).

SUBGROUP. Each great group has a typic subgroup. Other subgroups are intergrades or extragrades. The typic subgroup is the central concept of the great group; it is not necessarily the most extensive. Intergrades are transitions to other orders, suborders, or great groups. Extragrades have some properties that are not representative of the great group but do not indicate transitions to any other taxonomic class. Each subgroup is identified by one or more adjectives preceding the name of the great group. The adjective Typic identifies the subgroup that typifies the great group. An example is Typic Hapludalfs.

FAMILY. Families are established within a subgroup on the basis of physical and chemical properties and other characteristics that affect management. Generally, the properties are those of horizons below plow depth where there is much biological activity. Among the properties and characteristics considered are particle-size class, mineralogy class, cation-exchange activity class, soil temperature regime, soil depth, and reaction class. A family name consists of the name of a subgroup preceded by terms that indicate soil properties. An example is fine-loamy, mixed, active, mesic Typic Hapludalfs.

SERIES. The series consists of soils within a family that have horizons similar in color, texture, structure, reaction, consistence, mineral and chemical composition, and arrangement in the profile.

References:

Soil Survey Staff. 1999. Soil taxonomy: A basic system of soil classification for making and interpreting soil surveys. 2nd edition. Natural Resources Conservation Service. U.S. Department of Agriculture Handbook 436.

Soil Survey Staff. 2006. Keys to soil taxonomy. 10th edition. U.S. Department of Agriculture, Natural Resources Conservation Service. (The soils in a given survey area may have been classified according to earlier editions of this publication.)

Rating Options

Aggregation Method: Dominant Condition

Component Percent Cutoff: None Specified

Tie-break Rule: Lower

EXHIBIT 5

KATHLEEN RICKETT, ARA

P.O. Box 691

Belgrade, MT 59714

406/388-0570 Office 406/388-0573 Fax 406/570-4450 Cell

Montana Certified General Appraiser # 650

Accredited Rural Appraiser (ARA) & Member of ASFMRA Accredited #1664

Katie@terrawestern.com



EDUCATION

Colorado State University, Fort Collins, Colorado

Bachelor of Science Degree: Equine Science (Science Concentration) 1996

University of Colorado at Boulder Continuing Education, Boulder, Colorado

Registered Real Estate Appraiser.

*NCRE 200-411 Registered Appraiser (40 hours) 1998 *NCRE 201-411 Basic Appraisal Applications (24 hours) 1998 *NCRE 208-411 Standards and Ethics (16 hours) 1998

American Society of Farm Managers and Rural Appraisers (ASFMRA):

* A-10, 6/20-26/1999, Austin, TX (40 Hours) * A-20, 8/23-28/1999, St. Cloud, MN (44 Hours) * A-12, 1/14-15/00, Billings, MT (16 Hours) * ALL215, 9/7-9/00, Manhattan Beach, CA (30 Hours) * A-12 Part 1 ASFMRA Ethics & Part 3- USPAP (7 Hours); 2/4-5/03 * ASFMRA- Federal Land Exchange & Acquisitions Course 4/7-9/03 (20 Hours) * A-25, 4/27-29/04, Boise, Idaho (20 Hours) * A-29, 4/30- 5/1/04, Boise, Idaho (15 Hours) * ASFMRA- Timber & Timberland Valuation, 1/31/05, Portland, OR (8 Hours) * UASFLA- "Yellow Book", 2/1/05, Portland, OR (8 Hours) * ASFMRA- Appraising Agricultural Land in Transition, 2/28-3/1/06 (12 Hours) * A-27- Income Capitalization, Indianapolis, IN, 3/15-18/06 (28 Hours) * A-114, USPAP Course, 10/27/06, Great Falls, MT (7 Hours) * A-30, 6/3-9/07, Denver, CO. (47.5 Hours) * Valuation of Conservation Easements, 1/ 14-18/08, ASFMRA & AI (33 Hours) * A-114, 7 Hour USPAP Update Course, 2/6/08, Billings, MT (7 Hours) * UASFLA- "Yellow Book", 10/14-16/08, Billings, MT (22 Hours) * Uniform Agricultural Appraisal Report, 5/8-9/08, Piedmont, SD (16 Hours) *What's Missing in Appraisal Reports, 2/ 4/09, Bozeman, MT (4 Hours) *Wind Leases-The Basic Rights of Ownership, 2/4/09, Bozeman, MT (2 Hours) * Update of Montana Water Rights, 2/4/09, Bozeman, MT (2 Hours) *ASFMRA- Code of Ethics Webinar, 8/11/09 (4 Hours) * A-114, 7 Hour USPAP 2010-2011 Update Course, 2/4/10, Billings, MT (7 Hours) * iKuw Adobe Acrobat 9 Professional, 4/16/2011 (12 Hours) * ASFMRA AFO/CAFO, 2/9/11, Bozeman, MT (4 Hours) * ASFMRA- Ag Trends in Ag Finance, 2/9/11, Bozeman, MT (2 Hours) * McKissock-Appraising Manufactured Homes, 9/8/11, Online, (7 Hours) *McKissock- Appraising FHA Today, 9/7/11, Online, (7 Hours) *GIS for Real Estate and Appraisal, 2/8/2012 Billings, MT (4 Hours) * Montana Access and Easement Law, 2/8/2012 Billings, MT (4 Hours) * A-114, 2012-2013 USPAP Update Course 2/7/2012 , Billings, MT (7 Hours)

EXPERIENCES

JK Appraisal & Consulting, LLC: Belgrade, MT Owner, President, (11/07 to Current)

* Responsibilities encompass all aspects of appraising duties. Specializing in agriculture, recreational, and other types of rural properties, including Federal acquisitions compliant with Uniform Standards for Federal Land Acquisitions a.k.a. Yellow Book appraisals; rural properties, inholdings, & conservation easements; Full narratives and Ag-Ware Form reports.

Associate Appraiser: Associate Appraiser with Terra Western Associates (11/07 to Current)
Bozeman, MT

* Responsibilities encompass all aspects of appraising duties. Specializing in agricultural, recreational, conservation easements, and other types of rural properties. Services include real estate appraisal, financial feasibility consulting, cash flow projections, and day-to-day management consulting.

Qualified Appraiser: United State Forest Service, Bozeman, MT (3/00- 10/12/07)

* Responsibilities encompassed all aspects of appraising duties. Specializing in Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) Appraisals for Federal acquisitions, land exchanges, right-of-ways, and inholdings.

Apprentice Appraiser: Hall-Widdoss & Co., Inc. South Dakota (8/98-3/2000)

* Hall-Widdoss & Co., Inc. has been conducting business since 1983. Covering the States of Montana, Idaho, Wyoming, Nebraska, and the Dakotas. The firm specializes in urban investment property, agriculture, recreational, and subdivision land appraisals. Appraisal work involved market value estimates for commercial, industrial, rural, recreational, mountain development, gaming (casino), mineral, and residential properties. The firm also has a vast experience with government trades and acquisitions. My duties included the mapping of legal descriptions, entering, confirming, and analyzing sales data, collection of courthouse information, and general property research. I completed numerous residential appraisals, aided with the development of appraisals performed for proposed acquisition/condemnation by DM&E Railroad; surface rights appraisals for Peabody Coal Company and various others. These included farms, ranches, and rural properties in Wyoming and South Dakota. I held South Dakota license number 666SR-2002 as a State Registered Appraiser

Apprentice Appraiser: Agribiz Appraisal & Consulting, Inc., Kim Colvin, ARA, President;
Luther Appraisal Services, George Luther, Jr., ARA.

*Subcontracted to perform basic appraisal duties. Researching sales, mapping of legal descriptions, proof reading reports, verifying sales with buyers, sellers, and agents. Also performed courthouse research, as well as, meeting with realtors to obtain sales information. Began to perform rural appraisals, using the three approaches to value.

Apprentice Appraiser: O'Neil & Co.: (1/98-7/98)

* During my employment I researched recent sales through the use of the Multiple Listing Service and the courthouse. I assisted in several appraisals by helping with measurements, pictures, and walk through of the subject property. I also observed and participated in the development of reports. I learned how to determine soil quality and productivity through the use of soil surveys and aerial photos.

KIM C. COLVIN, MA, ARA
P.O. Box 11950
Bozeman, MT 59719
Montana Certified General #174
Wyoming Certified General #424
Montana Licensed Real Estate Agent #11358
406/539-4924 cell - 406/522-9844 office
kim@terrawestern.com

TERRA WESTERN ASSOCIATES, INC., Bozeman, Montana 1999 to present
OWNER, PRESIDENT

Provides independent real estate and financial consulting to a variety of individuals and entities. Specializing in agricultural, recreational and other types of rural properties. Services include real estate appraisal, financial feasibility consulting, cash flow projections, and due diligence work. Ms. Colvin specializes in rural property valuation on properties such as the following:

- dairies
- conservation easements
- irrigated & dryland farms
- improved suburban tracts
- land divisions
- chattels
- land exchanges
- livestock ranches
- divorce settlement
- recreational land
- litigation support
- cash flow projections
- misc. acreage tracts
- rural subdivisions
- wildlife habitat
- Yellow Book Appraisal
- estate settlement
- feasibility studies

ML PROPERTIES, Big Timber, Montana 2005 to Present

Sales Associate - Have had real estate sales license since 1999. This license is now associated with ML Properties in Big Timber, Montana. Sales of rural real estate, due diligence for buyers, and sellers, and real estate consulting.

NORMAN C. WHEELER AND ASSOCIATES, Bozeman, Montana 1999 to 2005
SENIOR ASSOCIATE APPRAISER, AGRICULTURAL CONSULTANT

Associated with the company in March of 1999 as a senior associate appraiser. Norman C. Wheeler and Associates is a 52-year-old appraisal and consulting firm with offices in Bozeman and Sheridan, Montana. Professional staff employed by the firm include four full time appraisers with four holding state general licenses as well as the designation of Accredited Rural Appraiser (ARA). Provided independent real estate and financial consulting. Specializing in agricultural, recreational and other types of rural properties. Services included real estate appraisal, financial feasibility consulting, cash flow projections and day-to-day management consulting.

HALL-WIDDOSS & COMPANY, Spearfish, South Dakota 1997 to 1999
ASSOCIATE APPRAISER, AGRICULTURAL CONSULTANT

Specializing in agricultural, intensive livestock operations including dairies and feedlots, ranches, and recreational properties. Appraisal work involves market value estimates for agricultural, commercial, rural, recreational, mountain development, and residential properties. The work performed is used for condemnation and other types of litigation, special-use agricultural valuations, financing for both proposed and existing properties, acquisitions, multi-state land exchanges, legal actions, and market studies.

INDEPENDENT FEE APPRAISER, Helena, MT - 1991 to 1998

Appraising rural properties consisting of ranches, recreational properties, dairies, diversified farming operations including row crops and permanent plantings, packing houses and rural residential subdivision properties. Also included some financial consulting. Work performed in Montana, California, South Dakota, Wyoming and several other western states.

SIERRA WESTERN AGRICULTURAL SERVICES, INC., Exeter, CA - 1989 to present
ASSOCIATE APPRAISER, AGRICULTURAL CONSULTANT

Appraising ranch and dairy real estate, farm equipment, cattle and growing crops. Prepare and monitor farm operating budgets and farm management skills for commercial banks, CPA's, attorneys and farming companies. Verify financial statement assets. Evaluate farm Net Operating Income for banks and investors, and farm property earning capacity for potential buyers. Conduct financial consulting for ongoing operations and debt restructure.

SECURITY PACIFIC NATIONAL BANK, Visalia, CA - 1984 to 1989
ASSISTANT VICE PRESIDENT

1988-1989: As Commercial Loan Officer for Visalia Dairy Industries Center, performed as lead officer in a wide range of financial management and business development responsibilities. Clients consisted of dairy operations, dairies with extensive farming operations, creameries. Managed production loan portfolio of \$17 Million.

1984-1988: Served as A.V.P. Dairy Specialist, responsible for a wide range of financial and managerial customer evaluations in direct support of the bank credit officer: appraisal of agricultural real estate, dairy cattle, feedstuffs and farm equipment. Performed cash flow analyses and projections for dairy farms and general agricultural crops. Accounts consisted of farms and dairies located in California, Arizona, Oregon and Nevada. Also performed analyses and cash flows for operations with deciduous fruit, nuts and row crops.

MADDOX DAIRY, Burrell, CA - 1981 to 1984
YOUNGSTOCK MANAGER

Responsible for supervision of ongoing calf operation, supervising up to 3,600 head of youngstock, six employees, feed rations, record-keeping, veterinary treatments and maintenance of facilities. Mortality rate on 4,100 calves raised (0-2 mos) over two years - 1.0%

CAL POLY FOUNDATION DAIRY - San Luis Obispo, CA - 1977 to 1981

Held various positions, including Herdsman's Assistant, calf feeder, milker and maternity manager.

EDUCATION

B.S. Cal Poly, San Luis Obispo, June 1981, Dairy Science
Senior Thesis - Progesterone Levels as an Indicator of Pregnancy in Dairy Cattle
Carnation Genetics Artificial Insemination School
College of Sequoias, Visalia, CA - Accounting 1A, 1B
American Bankers Association -- Financial Statement Analysis;
Commercial Analysis for Lenders -- USC Advanced Financial Management
Pacifica Graduate Institute - August 2008 - M.A. Depth Psychology
Pacifica Graduate Institute - PhD. Program in Depth Psychology. Expected completion 2010.

APPRAISAL COURSES COMPLETED

Report Writing (1989), Fundamentals of Rural Appraisal (A10, 1991), Principles of Rural Appraisal (A20, 1991), Advanced Rural Appraisal (A30, 1992), Eminent Domain (A25, 1992), Standards & Ethics (A12), 1991, 1994, 1997, Income Approach Capitalization Unleveraged (A18, 1995), Environmental Seminar, (1994), Open Forum on Public Interest Value, (1994), Lease Valuation Seminar (1998), Appraisal Electronic Spreadsheet Seminar, (1998), Conservation Easement Appraisal (1998), PAASD Building Measurement and Computer Tools Seminar (1998), Appraisal Institute Ethics 420 (1998), Appraisal Institute Standards & Ethics 410 (1999), Fundamentals of Real Estate, Connole-Morton (1999), Federal Land Acquisitions and Exchanges (Yellow Book) (2000). Fundamentals of Real Estate, Connole-Morton, (1999), Real Estate Ethics, Connole-Morton (2000), Is the Comparable Comparable? IFA (2002), Appraisal Review - Residential 7 hours (AI, 2002), Appraisal Review - General 7 hours (AI, 2002). Risk in Real Estate, Connole-Morton (2002), ASFMRA Ethics (2003), USPAP 7 Hr Course ASFMRA (2003). IFA Manufactured Housing (2004), IFA Defects in Residences (2004), IFA Land Use (2004), 7 Hour USPAP Course (2005), Appraisal Institute Mapping Course (2005), Appraisal Institute 2005 URAR Update C (2005). USPAP 7 Hour Update (2006), Discounting and Leases Seminar (2006), 4 hour mandatory Real Estate Licensing Update and 8 Hours of continuing education Connole-Morton (2006). Montana Economic Conference (2007), IFA Easements and Licenses (2007), ASFMRA Appraisal Review (2007) 16 hours, ASFMRA

Appraisal Review Under USPAP 22 hours (2007). 4 hour mandatory Real Estate Licensing Update and 8 Hours of continuing education Connole-Morton (2007). Valuation of Conservation Easements 33 hour Certification Course – AI, ASFMRA, ASA, LTA (2008). ASFMRA Code of Ethics 4 hours (2008). Credit Crisis Continuing Education Connole-Morton 8 hours (2008). Gallatin Association of Realtors 4 hr Ethics Course (2008). ASFMRA Requirements of UASFLA – The “Yellow Book” (2008). Appraisal Institute USPAP 7 hr Update Course (2009). 4 hour mandatory Real Estate Licensing Update and 8 Hours of continuing Education Connole-Morton RE School (2009). Wind Powered Electric Generator Course AFMRA (10/2009), ASFMRA Cost Estimating Seminar (1/2010), ASFMRA 7 hr USPAP Update Course (1/2010). ASFMRA Sales Comparison Approach Seminar (1/2011), AFO/CAFO Seminar (1/2011), River and Roads Seminar (1/2011). Montana Conservation Easement Conference for Financial Professionals (10/2011). 7 Hour USPAP Update Course (2/2012). Montana Access and Easement Law (2/2012). Montana GIS Cadastral Course (2/2012).

CIVIC AND PROFESSIONAL INVOLVEMENT

National Dairy Shrine Member; Accredited Member of the American Society of Farm Managers and Rural Appraisers (ARA); Montana Farm Bureau Member; National Mentor Chair for ASFMRA 1995-1998; 1998-99 ASFMRA Accrediting Committee member; Regional Appraisal Review Committee Chair; State legislative Committee Chairman and Real Estate Board Liaison for ASFMRA (4 years). Past State Mentor for Chapter. Past Montana ASFMRA State Chapter President (1995), Vice President and Director. Associate member of the Appraisal Institute, Member of University of Montana Western Advisory Board (2002). Sweet Grass County High School Booster Club Member (2008). Crazy Mountain Stock Grower’s Association (2008-2010) Sweet Grass County Wool Grower’s (2008-2010). Member of the Southwest Montana Farm and Ranch Brokers (ongoing). Member of the Southwest Montana Multiple Listing Service.

Uniform Agricultural Appraisal Report

EFFECTIVE DATE: February 13, 2013

Department of Natural Resources & Conservation (DNRC)

Sale # 337

280 Acres

Broadwater County, MT



Prepared For:

DNRC-TLMD

Attn: Emily Cooper

Intended User:

State of Montana

Montana Board of Land Commissioners

Department of Natural Resources & Conservation (DNRC)

Prepared By:

Terra Western Associates

P.O. Box 11950

Bozeman, MT 59719

Kim C. Colvin, ARA & Katie Rickett, ARA

Date Prepared:

February 14, 2013

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Uniform Agricultural Appraisal Report

Property Identification

Owner/Occupant: <u>State of Montana</u>	Total Deeded Acres: <u>280.00</u>
Property Address: _____	Effective Unit Size: <u>280.00</u>
State/County: <u>Montana</u> / <u>Broadwater</u>	Zip Code: <u>59644</u>
Property Location: <u>11 miles Northwest of Three Forks, MT</u>	Property Code #: _____
Highest & Best Use: <u>Rural Investment</u> "As If" Vacant	FAMC Comd'ty Gp: _____
<u>N/A</u> "As Improved"	Primary Land Type: <u>Rangeland</u>
Zoning: <u>None</u>	Primary Commodity: <u>Cow/Calf</u>
Unit Type: <input checked="" type="checkbox"/> Economic Sized Unit <input type="checkbox"/> Supplemental/Add-On Unit	
FEMA Community # <u>300145</u> FEMA Map # <u>0015A</u> FEMA Zone/Date: <u>2/9/1982</u>	
Legal Description: <u>All SEC 16 TWP 3N RNG 2E</u> Attached <input type="checkbox"/>	
Purpose of Report: <u>Develop an opinion of value for possible sale of subject property.</u>	
Use/Intended User(s): <u>Decision Making for possible sale/State of Montana, Montana Board of Land Commissioners, & DNRC</u>	
Rights Appraised: <u>Fee Simple excluding reservations, easements, conveyances, restrictions, and encumbrances of record.</u>	
Value Definition: _____ Attached <input checked="" type="checkbox"/>	
Assignment: <u>Complete Appraisal</u> Report Type: <u>Summary</u>	
Extent of Process/Scope of Work: Katie Rickett, ARA inspected the subject property on February 13, 2013. Market data was researched through local courthouse records, realtors, and other market participants knowledgeable of the local market. Total acres are calculated from the Montana Cadastral Web-site and confirmed with the county assessor and legal description. Additional property and market data was researched and obtained from the DNRC web-site as well as the NRCS web-site. The sales were inspected and analyzed to arrive at an estimated value. Appropriate approaches to value were implemented.	

Summary of Facts and Conclusions

Appraisal Report Summary

Date of Inspection: <u>02/13/13</u>	Effective Date of Appraisal: <u>02/13/13</u>
Value Indication	- Cost Approach: \$ <u>286,000</u>
	- Income Approach: \$ _____
	- Sales Comparison Approach: \$ <u>See Page 27</u>
Opinion of Value:	(Estimated Marketing Time <u>12-18</u> months) \$ <u>SEE PAGE 27</u>
Cost of Repairs: \$ _____	Cost of Additions: \$ _____
Allocation:	
Land: \$ _____	\$ <u>0</u> / _____ (<u>0</u> %)
Land Improvements: \$ _____	\$ <u>0</u> / _____ (<u>0</u> %)
Structural Improvement Contribution: \$ _____	\$ <u>0</u> / _____ (<u>0</u> %)
Non-Realty Items: \$ _____	\$ <u>0</u> / _____ (<u>0</u> %)
Leased Fee Value (Remaining term of encumbrance _____) \$ _____	\$ <u>0</u> / _____ (<u>0</u> %)
Leasehold Value: \$ _____	\$ <u>0</u> / _____ (<u>0</u> %)
	Overall Value: \$ <u>0</u> / _____ (<u>100</u> %)
Income and Other Data Summary:	<input checked="" type="checkbox"/> Cash Rent <input type="checkbox"/> Share <input type="checkbox"/> Owner/Operator <input type="checkbox"/> FAMC Suppl. Attached
Income Multiplier _____ ()	Income Estimate: \$ <u>0.00</u> / _____ (unit)
Expense Ratio _____ %	Expense Estimate: \$ <u>0.00</u> / _____ (unit)
Overall Cap Rate: _____ %	Net Property Income: \$ <u>0.00</u> / _____ (unit)

Area-Regional-Market Area Data and Trends:

	Above Avg.	Avg.	Below Avg.	N/A
Value Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Activity Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Compatability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Development Potential	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Subject Property Rating:

	Above Avg.	Avg.	Below Avg.	N/A
Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soil Quality/Productivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improvement Rating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rentability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Property Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

USPAP, Organizational, or Other Requirements

Report Type: Summary**Date of Inspection:** 02/13/13**Date of Value Opinion:** 02/13/13**Date of Report:**

Scope of Work *(Describe the amount and type of information researched and the analysis applied in this assignment. The Scope of Work includes, but is not limited to the degree and extent of the property inspection; the extent of research into physical and economic factors affecting the property; the extent of data research; and the type and extent of analysis applied to arrive at the opinions or conclusions. Additionally, describe sales availability & ability to demonstrate market - "as vacant" - and "as improved" if applicable - or describe sales available to form value opinion "as completed" or proposed if requested; describe income sources and ability of income to support existing or proposed construction; discuss extent of third party verification of RCN, if applicable.):*

This appraisal was performed according to the specific guidelines set forth by the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. All three approaches to value were considered and developed. All opinions of value contained herein were derived in compliance with the specific guidelines aforementioned, using a level of analysis sufficient to constitute an appraisal that complies with the reporting requirements for a Summary Appraisal Report as set forth under Standards Rule 2-2(b). This appraisal also conforms to the Code of Professional Ethics and Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.

Existing land regulations were analyzed, neighborhood trends, market demand for the existing use of the subject property; as well as alternative uses, the physical characteristics of the property, and the highest and best use. The property's legal description, acreage, tax assessment, ownership history, improvements, and zoning information were verified with Broadwater County records. The water rights appurtenant to the subject property were researched at the Montana State internet website of the Department of Natural Resources & Conservation (DNRC), and soil information was gathered from the National Cooperative Soil Survey maintained by the Natural Resources and Conservation Service (NRCS) web-site. Numerous publications and periodicals, referenced within the body of this appraisal report were consulted for information regarding such factors as soil properties, vegetative range types, building construction costs, and building depreciation. In addition to information contained within our office files, the appraisers searched the local area and competing areas for the most recent sales data in the subject area.

A number of area property owners, real estate brokers, and other appraisers knowledgeable of this market were contacted in order to secure comparable sales data. All sales were verified with the buyer, seller, agents, or other parties having knowledge of the transaction.

Subject Property Sale & Marketing History: *(Analyze and report any agreements of sale, options, or current listings as of the date of the appraisal - and all sales within three (3) years prior to the effective date of appraisal. For UASFLA assignments, report the details of the LAST SALE OF THE SUBJECT - no matter when it occurred):* The subject property was sold to the State of Montana via Deed on November 1, 1929 from Thomas P. Sherlock.

Market Conditions *(Volume of Competing Listings, Volume of Sales, Amenities Sought by Buyers):* The area market is starting to see more activity (Sales and Listings) than in previous years.

Approaches to Value *(Explain Approaches Used and/or Omitted):* All three approaches to value have been considered for the subject property, however, the Sales Comparison and Cost Approach are the only two approaches that are felt to be reliable enough to use in this particular market. Rural Investment properties in the market area do not have any viable economic use relative to rental values. As described, while some are used for agricultural grazing the fees generated by such uses do not justify, nor are they relevant to, an economic valuation of properties, and cannot support land values commanded in this investment oriented market. As such, a valuation of the subject property by the Income Approach is not applicable.

Additional Comments

Continued from Scope of Work :

Comparable sales were inspected to the extent possible. Trespass was avoided and owner permission was obtained when feasible. At a minimum, a "drive-by" inspection was made along public roadways. Montana is a nondisclosure state; thus, aside from sale notices or deeds, no sales data is of record. No sale prices are reported and the Appraiser must personally confirm sale values. I have made a diligent effort to correctly ascertain the circumstances and values surrounding each sale, and data provided by professional third parties is considered reliable. The investigation of this appraisal report included confirmation of sales with buyers, sellers, real estate professionals, plus inspecting each sale.

The photographs in this report are digital photographs and were not changed or manipulated in any manner. Information on market data was gathered, confirmed, and analyzed. Data relating to the subject was also analyzed and gathered. The Sales Comparison, Cost, and Income Approaches to value were considered. To develop the opinion of value, I performed a complete appraisal process as defined by the current USPAP under the summary appraisal reporting Rule 2-2(b). In developing a summary appraisal report, an appraiser uses or considered all applicable approaches to value, and the value conclusion reflects all known information about the subject property, market conditions, and all pertinent available data.

USPAP includes a competency provision that states:

The Uniform Standards of Professional Appraisal Practice (USPAP) require that prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience necessary to complete the assignment competently; or alternatively:

1. Disclose the lack of knowledge and/or experience to the client before accepting the assignment;
2. Take all steps necessary or appropriate to complete the assignment competently; and
3. Describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

Katie Rickett, ARA has been involved in the appraisal of rural real estate in the State of Montana, South Dakota, and North Dakota since 1998 and Kim C. Colvin, ARA has been appraising in this area for 25 years. We are familiar with the geographic area in which the subject property is located and understand the nuances of the local market and the supply and demand factors related to the specific property type and the location involved. We have been engaged in many appraisal assignments involving properties similar to the subject property and believe we are qualified and competent on the basis of our knowledge and experience to complete this assignment competently. Please refer to our qualifications, which are attached in the Addenda of this report.

As Instructed, we are appraising the subject property under a **Hypothetical Condition**. A **Hypothetical Condition** is defined by the Uniform Standards of Professional Appraisal Practice as:

" 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 the purpose of analysis."

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

The appraisers have been instructed to appraise the subject property as having legal access and "as-is" with out legal access. The subject property is landlocked and does not have any legal road access to the property.

MARKET VALUE DEFINITION

Regulations published by federal regulatory agencies pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Other:

EXPOSURE AND MARKETING TIME ESTIMATES

Market value (see above definition) conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

In applying the market value definition to this appraisal, a reasonable exposure time of 12-18 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to **precede** the effective date of the appraisal.

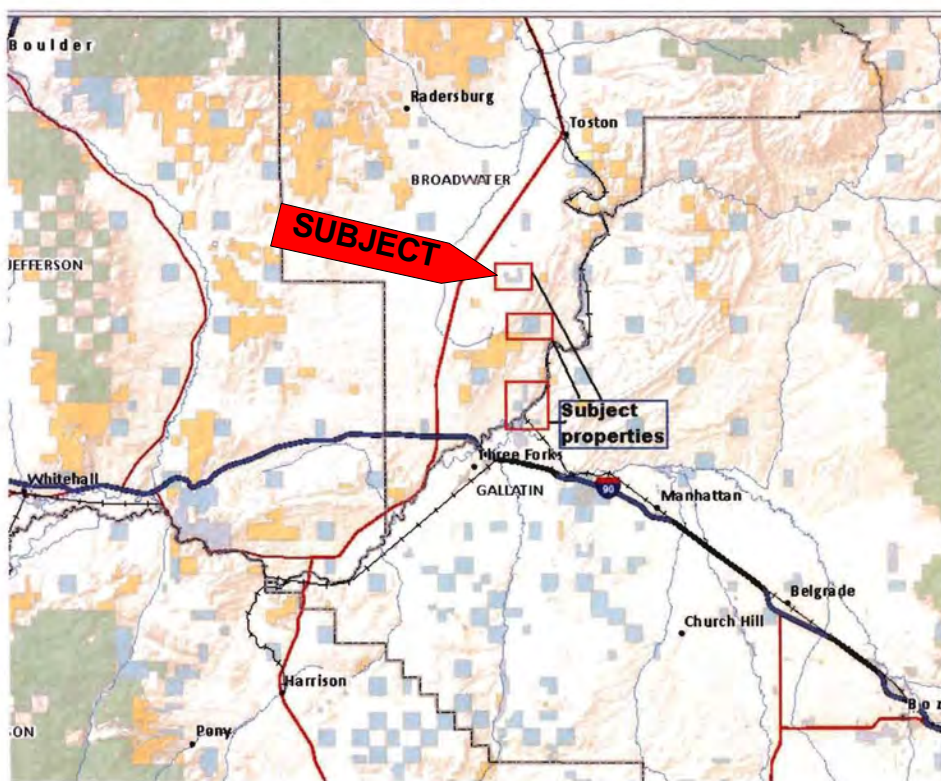
Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period **after** the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 12-18 months.

Comments:

Area-Regional Description	Area-Regional Boundary: Broadwater, Gallatin, and Jefferson County		On and Off Property:																																					
	Major Commodities: Hay, Beef Cattle, Barley, and Wheat		<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Up</td> <td style="text-align: center;">Stable</td> <td style="text-align: center;">Down</td> </tr> <tr> <td>Value Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Population Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Employment Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>					Up	Stable	Down	Value Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sales Activity Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Population Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Employment Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>														
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Change in Economic Base: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Unlikely</td> <td style="text-align: center;">Likely</td> <td style="text-align: center;">Taking Place</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>						Unlikely	Likely	Taking Place	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																													
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Forces of Value: <i>(Discuss social, economic, governmental, and environmental forces.)</i> Montana's 2012 census estimated a population of 1,005,141 people residing in the state (rural 640,739 and urban 348,676), an increase of 9.7% over 2000. Population density measuring people per square mile was 6.8, dropping from 48th to 49th nationally. The total land area of Montana is approximately 145,388 square miles or over 93 million acres, with 64.1% of the state contained in farm and ranch lands, a total of 29,400 farms, averaging 2,068 acres, as reported from USDA in 2010. Montana's 2011 agricultural sector output was approximately 4.2 billion dollars, and the states number one industry. It is estimated that 80% of Montana's population is employed by agriculture and small businesses, which constitute 90% of the state's business community. Of these small businesses, 80% have one or two owners and less than ten employees. The state of Montana owns approximately 6% of the state lands, and the federal government owns 29.1%. Indian reservations hold 5.3% of the state, with the remaining 58.7% privately held, with the remaining 0.8% being water. Of the 29.1% federal ownership, approximately 18% is under National Forest Service control, with 8.7% under the Bureau of Land Management and approximately 3% contained in national Madison and other divisions.																																								
Exposure Time: 12-18 months. <i>(See attached definition and discussion)</i>																																								
Specific Market Area Boundaries: Southern Broadwater County																																								
Market Area Description	Market Area:			Market Area:																																				
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Analysis/Comments: <i>(Discuss positive and negative aspects of market area.)</i> In 2010 Broadwater County had a population of 5,612 people, which is a 9.7% increase from the 2000 census, and was a 32% increase from the 1990 census. This 9.7% increase in population was mostly rural, since Townsend grew only 1% since the 2000 census. Broadwater County has been facing substantial growth since the 1980's. Growth pressures from a growing Helena affect the north end of the county; growth in Three Forks and Gallatin County is impacting the south end of the county; private lands in Deep Creek, the west slopes of the Big Belt Mountains, the Canyon Ferry Lake and the Missouri River areas and the east slope of the Elkhorn Mountains have amenities that typically are attracting growth. Several communities in the Broadwater County need revitalizing. In 2000 the county experienced serious wildfires that burned thousands of acres. Virtually all residents of the county are affected by either growth pressures, deteriorated communities, or a stressed economy.																																								
Continue on Pages 7-13																																								

Map Addendum

Location Map of Parcel



AREA & REGIONAL DATA

BROADWATER COUNTY

1. Location

Broadwater County is located in southwest Montana. It is bordered on the north by Lewis and Clark County, on the east by Meagher County, on the south by Gallatin County, and on the west by Jefferson County. The County includes 1,239 square miles, of which, 1,191 is in the form of land and 48 square miles are water. The county is mountainous with the valley area used for agriculture. Elevations range from 9472 feet on the top of Mount Baldy to the average valley elevation of 3800 feet. The Big Belt Mountains run along the eastern border, and the Elkhorn Mountains form the western boundary. The Missouri River flows through the county from south to north, offering both irrigation for crops and recreational opportunities. Canyon Ferry Lake covers approximately 35,000 acres in the northern part of the county, is the third largest lake in the state, and the lake shore is federally owned. Canyon Ferry Lake is Broadwater County's major asset, for its power generation, crop irrigation, and recreational capabilities.

Broadwater County's 796,000 acres, the land usage is as follows:

Private Lands	65%	515,000 acres
Grazing	41%	326,000 ac
Dry Crop	10%	77,000 ac
Irrigated	8%	46,000 ac
Timber - private	4%	35,000 ac
Other - urban, utilities	2%	20,000 ac
State Lands	3%	24,500 acres
Federal Lands	32%	257,500 acres

Broadwater County located between the major cities of Helena and Bozeman, with potential markets for Broadwater County goods and services. The county is also located on the route between Bozeman and Helena, which offers potential for travel and tourist commerce, not to mention the County's amenities for recreational activities.

2. Water Sources

Broadwater County is fortunate to have abundant water resources, by Montana standards, which makes irrigated crop land a major factor in the county's agricultural economy. Water is obtained from both surface water diversions and from groundwater development.

The Missouri River, which flows south to north through the county, is the key surface water source. Toston Dam on the Missouri, located approximately four miles south of the community of Toston, provides water for the Broadwater Missouri Diversion Project. This project furnishes water to irrigate crop lands along both sides of the river through two canals. The west side canal is 15 miles in length, running northwest of Toston. The east side canal passes to the east of Townsend, and continues up the east side of Canyon Ferry Lake, ending at Duck Creek. Total length of the east side canal is 35 miles. Together the two canals irrigate approximately 22,000 acres.

Big Spring Ditch flows out of Big Spring south of Toston, running six miles and ending at Dry Creek. This canal irrigates 2,200 acres.

Another surface water diversion from the Missouri River is the Montana Ditch. Its point of diversion is on the east bank of the river about two miles south of Townsend. It carries water to the east of Townsend and flows into Canyon Ferry Lake seven miles north of Townsend.

In the 1950's the U.S. Bureau of Reclamation constructed the Canyon Ferry Dam for power generation and irrigation. The resulting reservoir, Canyon Ferry Lake, has become a major feature of Broadwater County, covering 35,000 acres. Approximately 5,000 acres of productive agricultural land was inundated by the reservoir. As restitution for the lost prime agricultural acreage, the Bureau of Reclamation created the Crow Creek Pump Unit, an irrigation development system with a series of canals, ditches and pumps to provide irrigation water to previously dry crop lands within the valley.

Most of the new water development in the county has been for sprinkler irrigation. In addition, much of the previously flood-irrigated lands have come under sprinkler irrigation. Sprinkler irrigation systems are more efficient than flood irrigation, thereby making water available to irrigate additional lands. Sprinkler irrigation can affect ground water levels and quantities, aquifer recharge, and sub-irrigation. Approximately 46,000 acres of crop land in Broadwater County are currently irrigated. Irrigated lands have and will most likely continue to be used for hay, pasture, wheat, barley, and potatoes.

Additional Comments

3. Transportation

The Townsend Airport is located on City- County-owned land, and serves as the base for approximately 12 general aviation single-engine aircraft, and is used for general aviation, air taxi services, and military use by the National Guard. The airport uses a 4,000' long by 60' asphalt runway and includes a pilot's lounge, private hangers, and a camping area for overnight stays. The airport stages an annual fly-in on July 4, bringing in 50-60 aircraft along with pilots and passengers. Recent improvements at the airport include the installation of precision approach lights and the addition of five hangers since 2000. Two new businesses have also been established - an aircraft repair service and an aircraft sales business. County's transportation corridors provide access to areas throughout the United States and Canada.

Gallatin Field, 43 miles from the subject property, accommodates four airlines (Delta, Northwest, United and Horizon) providing a minimum of two flights per day each, Broadwater County has good air service in comparison to other population centers in Montana. Connections to major hubs at Salt Lake City, Spokane, and Minneapolis help to support a growing community of business commuters residing in Broadwater County. The Gallatin Regional Airport is being doubled in size with a completion date of this summer, 2011.

The county road department maintains approximately 670 miles of county roads. The department employs a county road supervisor and three additional employees. Since the Montana Department of Transportation assumed maintenance responsibilities for secondary state highways in 1997, the road department has no paved roads to maintain.

4. Social Forces

Heritage and Ethnic Groupings: Broadwater County contains a wide variety of ethnic groupings.

5. Area Prestige

The county has extensive acreage of irrigated crop, hay and pasture lands that contribute significantly to the county economy. Ample water is available in the county for irrigation and industrial use. The county has extensive timber and agricultural resources, from which value-added processing can be promoted. The Montana Railink Railroad provides important rail transportation of goods to and from Broadwater County. The climate is moderate, making the county an appealing and attractive place for visitors, retirees and prospective entrepreneurs. The county population has been growing steadily, which helps support local businesses and business growth. Many of the incoming new residents favor strong local economies and communities with appealing environments and life styles. Broadwater County has a growing professional business sector - finance, insurance, accounting, and health/medical care - that attracts out-of-county customers and strengthens the economy. The county is close to Helena and Bozeman, major cities with potential markets for Broadwater County goods and services. Also, the county is located on the route between Bozeman and Helena, which offers potential for travel and tourist commerce.

Broadwater County's lakes, rivers and streams support outstanding fisheries that attract anglers from all over the region. Canyon Ferry Lake and the Missouri River produces rainbow, brown, brook and cutthroat trout, walleye, whitefish and perch. The resident and non-resident fishing supports boat dealerships, sporting goods stores, tackle shops and outfitting. The county has abundant wildlife that supports hunting, and bird/wildlife watching. The Big Belt and Elkhorn Mountains provide excellent mule deer and elk habitat. Whitetail deer thrive along the Missouri River and in bottomlands. Mountain goats occur in the Big Belts, and a population of antelope range between Townsend and Winston. The Bureau of Reclamation constructed dust-control ponds and in cooperation with Montana Fish, Wildlife and Parks manages the ponds to produce excellent habitat for waterfowl and shorebirds. The Canyon Ferry Wildlife Management Area provides outstanding hunting for big game, pheasants and water fowl, as well as opportunities for watching bird and wildlife. The Indian Creek campground and ponds have been developed into a very attractive recreation facility that is enjoyed by both local residents and travelers.

The Lewis and Clark expedition up the Missouri river in 1805 provides opportunities for Broadwater County. The expedition traveled up the Missouri River from the Gates of the Mountains to the three forks of the Missouri River, making significant journal entries, in what is now Broadwater County. Residents of Broadwater and Gallatin Counties, with state and federal agencies, have developed historical points and features commemorating the Corps of Discovery.

The Headwaters State Park, across the river from Broadwater County, has become a well-known historical place commemorating the Corps of Discover. Interpretive signs at Toston Dam explaining the Lewis and Clark expedition are important tourist information attractions. In 2002, local residents erected a plaque to mark the Crimson Bluffs, a feature southwest of Townsend cited in the Lewis and Clark journals.

Additional Comments

6. Economic Forces

Broadwater County's economic revenue is healthier than some other counties, due to the type of property taxed or class of taxable valuation. Under Montana law, utilities have a tax rate of 12%, railroads have a tax base of 4.27%, and residential, commercial, industrial, and agricultural properties have a tax rate of 3.6% or less. Utilities and railroads are the largest contributors to the county property tax, due largely to a privately-owned electric power transmission line that crosses Broadwater County from east to west, and the mainline of the Montana RailLink railroad located in the county. Residential property is the second largest contributor to the property tax base and agriculture is the third.

The economic health of Broadwater County has historically been tied to the area's resources, including agricultural land, timber, and minerals. The timber resource is at a critical juncture, where decades of fire suppression and drought have combined to create extensive stands of beetle-killed trees, but market forces have forced sawmills and pulp plants to close. Opportunities exist for economic development based on the use of woody biomass material removed from forest restoration activities, such as wildfire hazardous fuel treatments, insect and disease mitigation, forest management due to catastrophic weather events, and/or thinning overstocked stands. Closing of these sawmills and pulp plants have forced the BCDC to become innovative and purchase equipment to produce a recycled woody biomass pellet, as an alternative energy source. This alternative energy source, since natural gas available is limited in the area, is hoping to become a cost effective lure for commercial businesses to come to Broadwater County.

The lands immediately north and west of Townsend are located in the Missouri River floodplain, which also limits the opportunities for expansion of the community.

Two major mining firms operate in Broadwater County. Apollo Gold Corporation owns the Diamond Hill gold mine in the Elkhorns north of Townsend. GrayMont Western US, Inc., operates a lime mining and lime processing operation in the Elkhorn Mountains west of Townsend. Small scale mining operations occur sporadically on public and private land in the county.

TOWNSEND AREA

The community of Townsend is located in the heart of an expansive valley, between the Big Belt and Elkhorn Mountains, where the Missouri River opens into Canyon Ferry Reservoir and is Broadwater County, Montana. Townsend is the county seat, with a 2010 census population of 1878 people, which is an increase of only 1% from the 2000 census. Neighboring communities of Wheatland reported 568 people, Toston reported 108 people with a 3% increase (3 people), and Radersburg reported 66 people with a 4% increase (2 people).

The total housing units reported in 2010 for Townsend was 2,023, of which 79.7% were owner occupied, and 20.3% were rentals. Mobile homes accounted for 23% of the housing units in the county. Approximately 23% of the homes in Broadwater County were built in the 1990's; 33% were built before 1940. Nearly 16% of the homes heat with natural gas, (natural gas is not available in most of the county, only the extreme north and south ends), 45% heat with propane, kerosene or fuel oil, and 22% heat with wood stoves. There are 151 real estate properties listed for the week of August 13th, 2011, on a real estate website for the Townsend area. Of these listings, three are foreclosures and the average listing price for all properties is \$466,010, a decrease from \$561,000 a month earlier. House prices are generally depreciating about 1.0% per month at the present time. The real estate market has been very stagnate in the past year, with very few homes sold.

The Broadwater Health Center and Home Health, the Townsend Star - weekly newspaper, the Broadwater County Museum, the Old Baldy Golf Course, and other facilities and services are important assets to the community. Townsend, Toston, Winston and Radersburg boast historic buildings like the Canton Church and Canyon Ferry Mansion. Throughout the year, events like the Walleye Festival, County Fair and NRA Rodeo, Fall Fest, Cowboy Entertainer Gathering, and the Christmas Stroll; brings visitors and neighbors together for Townsend grew rapidly between 1864-1909, due to its location surrounded by mining, logging, farming and ranching, and the Northern Pacific Railway. As the mineral deposits were depleted, many miners turned to farming and ranching. Today, agriculture is the primary industry for the Townsend area, with the county's productive valley and abundance of water sources. Mining is still a major county industry, as well as timber, manufacturing, and recreation.

Additional Comments

HELENA AREA

Helena is the capital city for the state of Montana, with a 2010 population of 28,180 people. As the Montana's state capital, the steady employment provided by the government has allowed Helena to avoid, for the most part, the boom and bust cycles that have been common in most other Montana towns and cities. The steady government employment has also allowed Helena to remain quite prosperous by Montana standards. The city itself is alive with the community spirit, street festivals, theater, museums, symphonies, fairs and rodeos. It is the hub of education and health care, a city of timeless treasures and sophisticated services. Surrounding features include the Continental Divide, Mount Helena City Park, Spring Meadow Lake State Park, Lake Helena, Helena National Forest, the Big Belt Mountains, the Gates of the Mountains Wilderness, Sleeping Giant Wilderness Study Area, Bob Marshall Wilderness, Scapegoat Wilderness, the Missouri River, Canyon Ferry Lake, Holter Lake, Hauser Lake, and the Elkhorn Mountains.

The subject property would be considered part of the greater Helena community, and Helena provides primary services to the property. Helena lies in western Montana and represents a principal Montana city.

BOZEMAN AREA

The city of Bozeman is the Gallatin County seat, and the home of Montana State University. Bozeman had a population of 37,280 in the 2010 census, which is the fourth largest city in the state, a 32% increase in population in the past decade. Daily commercial air flights to major cities are served by three private airlines, out of Gallatin Field, located eight miles west of Bozeman, in Belgrade. Bozeman produces two quality local television stations and a daily newspaper, distributed throughout the Gallatin County and surrounding counties.

As delineated by maps accompanying this report, the subject property is located 50 miles to the northwest of Bozeman. The subject property would be considered part of the greater Bozeman community, and Bozeman provides primary services to the property. Bozeman lies in southwestern Montana and represents a principal Montana city.

The community in the general area of the subject property, as well as throughout western Montana, has changed in composition and population. In many communities such as the subject's, where agricultural use and ownerships have traditionally predominated, recent developments in the land market over the past ten to twenty years have increased the number and influence of alternative land users and property uses. Many counties of western Montana are growing in population; development within these areas, and particularly rural residential development, has been steadily increasing for the four year period of 2003-2008. Bozeman, Montana has been named the "Best Little City to Retire To," one of the "Top 10 Cities in the U.S. to live," the "Top Recreational City in America" and Outside Magazine quotes famous movie stars stating that Bozeman is the new place to be. There have been an influx of new residents who can sustain even in the coldest winters and the population is steadily growing due to the shifting "greener attitude" in the Gallatin County area. Bozeman was named the "Healthiest City in Montana" in a summer 2010 survey of health. It has become nationally and internationally known. The airport reports numerous travelers flying to Europe and other countries each day from the local Gallatin County and Bozeman areas.

7. Future

Broadwater County's population grew to 5,612 in 2010, and is projected to increase to 6,300 by 2030, or 29.8% over the 20-year period. As the county seat, business hub, and location of critical facilities for medical care and assisted living, Townsend can expect to grow at a rate higher than that shown over the last decade, reflecting growth in the county. The City can also expect to see the median age continue to climb, driven by both the aging of the indigenous population and an influx of older people moving to the area to take advantage of city services and relatively low housing costs in a rural setting. At this time, the population in Montana, notably in the western region of the state, is also seeing an increase, while the eastern region is seeing a decline.

Broadwater County and the city of Townsend have joined forces and resources to establish the Broadwater County Development Corporation (BCDC), which has developed a ten year economic plan for 'capital improvements' and 'capital maintenance' projects. This economic plan has five categories of need; Public Facilities, Public Safety, Healthcare, Transportation, and Economic Development.

Additional Comments

In the BCDC's planning report, they noted that, while the natural resources-based economy must be resurrected, the tourism-based sector of the area's economy should also be nurtured to draw people to the area, give them a reason to stop and stay for a time, and most importantly, give them an opportunity to spend money at local businesses. Montana Department of Transportation traffic counts for 2009 show that over 3,000 vehicles traverse the county each day on Highway 287, with even higher counts occurring between Townsend and Helena. The BCDC stated, due to the lack of natural gas to the Townsend area, this is prohibiting growth of the commercial industry. The BCDC is developing a renewable energy pilot project, using local woody biomass to provide an alternative energy source for residential and commercial customers.

8. Agriculture

Broadwater County is sustained by agriculture, mining, forestry, and tourism. According to the 2007 Montana agricultural census (latest data), Montana as a whole had 29,524 farms, up from 2002 which had 27,870 farms. Broadwater County, in 2007, had 302 farms, with the average farm size of 1,572 acres, compared to the state average farm size of 2,079 acres. Broadwater County's total acreage of 796,000 acres, sixty percent is in agriculture, and eight percent of that is irrigated land. Total farm and ranch assets for Montana were \$1.61 Billion with 29.3% in cropland, 65.9% in rangeland and pasture, 3.3% in woodland and 1.5% in other land resources.

Broadwater County's main commodities of Cattle, Winter and Spring Wheat, Barley, Potatoes, and Forage crops sold, in 2007, had a market value of 25.5 million dollars. Sixty percent of the commodities sold were crops, while forty percent were livestock commodities.

Broadwater County has abundant water resources for agriculture, compared to other Montana counties. The 2007 Montana Agriculture census shows that over 50% of Broadwater County's cropland was under irrigation and over 70% of the crop yield harvested was produced from the productivity of irrigation. Total cash receipts from harvested crops, 85% came from irrigated acreage. Irrigated land constitutes only 8% of the total agricultural acreage, but represents 39% of the taxable valuation of all agricultural acreage. Irrigated lands generate 28% of the total taxable value of agricultural property.

Recreational and Aesthetic Features

In the 1950's the U.S. Bureau of Reclamation constructed Canyon Ferry Dam just north of Broadwater County for power generation and irrigation. Hunting, fishing and recreation have a long history in Broadwater County, and the county is developing a strong recreation/travel industry. The Broadwater Rod and Gun Club, formed in 1902, to influence fish and game management in the area. The Club facilitated planting of pheasants and trout in the valley. They also planted 36 head of elk up Dry Creek in 1916, which established a successful elk population in the Big Belt Mountains. In addition to generating electric power and providing irrigation water, Canyon Ferry Lake provides recreation opportunities of state-wide significance. Lake fishing, ice fishing, boating, camping, and picnicking are major recreation activities associated with the reservoir, and has contributed to the basic travel and tourism economy of the county. In the 1970's, the U.S. Bureau of Reclamation constructed dust-control ponds on the south end of the reservoir near Townsend. In cooperation with the Montana Department of Fish, Wildlife and Parks (FWP), the dust-control ponds are also managed to facilitate waterfowl nesting, which has resulted in excellent, productive habitat for ducks, geese and many shorebirds. The adjacent FWP Wildlife Management Area complements the waterfowl habitat and provides outstanding hunting for big game, pheasants and waterfowl, as well as opportunities for watching and photographing wildlife. Canyon Ferry Lake and the Missouri River have developed a reputation as high quality fisheries. Canyon Ferry Lake, the Missouri River from Three Forks to Townsend, Helena National Forest, Big Belt Mountains, Elkhorn Mountains, and numerous streams and lakes, and a rich history are amenities that drive a strong recreation and tourist industry.

Educational and Cultural Activities

There are three public schools (K-12) available in Townsend and the new high school can now host athletic, academic and arts events for the students. Helena offers the State of Montana - College of Technology, Carroll College, the

University of Montana-Extension, and the Maddios Hairstyling and Cosmetology College. Bozeman has the Montana State University.

Additional Comments

Health Care

The Broadwater County Health Center and Home Health facility is classified as a Small Rural Hospital. The facility has 9 hospital beds and laboratory and X-ray services. The Health Center provides physical therapy and home health care. The facility includes a nursing home with 35 beds. The staff includes two physicians and a practitioner. The Health Center provides ambulance service in Broadwater County, which includes an ambulance and 15 emergency medical technicians. Broadwater County owns the physical plant, although the facility is operated by a private non-profit district board of directors. The facility employs 85 personnel, one of the largest employers in the county.

Zoning

There is no county zoning in the Townsend area of Broadwater County that affects the subject property, however, if building is being considered in the county a septic system permit is required by the county and a state plumbing and electrical permit is required as well.

Government Considerations

Montana State Data

Montana's 2010 census reported 989,415 people residing in the state (rural 640,739 and urban 348,676), an increase of 9.7% over 2000. Population density measuring people per square mile was 6.8, dropping from 48th to 49th nationally. The total land area of Montana is approximately 145,388 square miles or over 93 million acres, with 64.1% of the state contained in farm and ranch lands, a total of 29,400 farms, averaging 2,068 acres, as reported from USDA in 2010. Montana's 2011 agricultural sector output was approximately 4.2 billion dollars, and the states number one industry. It is estimated that 80% of Montana's population is employed by agriculture and small businesses, which constitute 90% of the state's business community. Of these small businesses, 80% have one or two owners and less than ten employees. The state of Montana owns approximately 6% of the state lands, and the federal government owns 29.1%. Indian reservations hold 5.3% of the state, with the remaining 58.7% privately held, with the remaining 0.8% being water. Of the 29.1% federal ownership, approximately 18% is under National Forest Service control, with 8.7% under the Bureau of Land Management and approximately 3% contained in national Madison and other divisions.

Taxes

The State of Montana, through the Department of Revenue, is responsible for valuing all taxable real estate and personal property in the state. This property valuation is accomplished by appraisal/assessment offices located in each County in Montana. The amount of property tax is determined by multiplying the assessed value by a tax rate, set by legislature, to determine its taxable value. Taxable value is then multiplied by the mill levy established by the various taxing jurisdictions- city and County government, school districts, and others- that provide services in the area.

Additional Comments

Climate:

The area climate is continental in nature, and has four distinct seasons. The state of Montana receives from 12 to 24 inches of annual precipitation, with more than two thirds of that amount expected to fall during the annual growing season. This period extends from early May to September, with most precipitation falling in the form of scattered afternoon thunderstorms occasionally accompanied by strong winds, lightning and hail.

Summers are warm and mild, with frequent afternoon thundershowers. The annual frost-free season lasts from 100 to 120 days in this area. Fall can extend to late October, and winter snows typically begin to fall in November. Several feet of snow can accumulate in the mountainous areas around the subject from November through February. Annual temperatures commonly vary from 85 degrees to 90 degrees above zero to minus 40 degrees Fahrenheit; however, such extremes are not typically of a long duration.

Generally, spring weather begins in March, and warm summers extend into September. Falls are cool, with little snow falling until November or December. Winters are generally cold, with occasional blizzards accompanied by high winds. Montana lies in the strong belt of westerly's, which move out of the Pacific Ocean and deposit much of their precipitation on the mountain ranges of the Pacific Northwest and Montana. The average storm track out of the semi-permanent Gulf of Alaska Low is across British Columbia and eastward across the prairie provinces of Alberta and Saskatchewan. When this weather regime is entrenched firmly over western North America, Pacific weather systems have already lost a considerable portion of their moisture on the coastal ranges before reaching Montana. The remaining precipitation is largely confined to the state's mountains.

Over most of Montana June is the wettest month, followed by May, with the exception of some areas of the northwest. The average rainy season is from May 20th through June 20th. The wettest week of the year is usually the first week of June. July and August are normally Montana's warmest months, and precipitation usually falls as showers during thunderstorms. A generalized rain pattern is quite rare. Also, a marked difference exists between the thunderstorms in July and August and those of May and June. The rainy season thunderstorms are associated with large-scale storm systems well endowed with moisture as well as strong temperature differences. The resulting heavy rains and hail can cover extensive areas of the state and often move from the east to the west, releasing torrential rains as they lift over the mountains. As the air masses become warmer and drier in July and August, the convective activity generally moves from the southwest to the northeast ahead of Pacific systems, with hail tracks tied to the topography of the state. July and August thunderstorms, while more scattered and often drier, may be destructive, with wind and hail. The higher bases of the clouds create "dry thunderstorms" and their accompanying vivid lightning, spectacular to viewers.

September in Montana is an obvious transition month and is extremely variable. Hot weather may end abruptly during the end of August or the first part of September as a major storm sweeps the state. The first snow may fall during the first week of September, and the growing season often ends with a sharp freeze. The east slopes of the Rockies experience an upsurge of precipitation, a "mini" wet season, which is very important in the sprouting of winter wheat.

October's normal temperature and precipitation can be rather surprising. October's Indian summer weather is often the most pleasant of the entire year, and temperatures are usually a little warmer than April. However, a vicious fall snowstorm, much like its cousin the April snowstorm, can also sweep the state. Some years October has been the driest month of the year. By November the annual intensification of the Gulf of Alaska Low is underway, and strong southwesterly winds associated with Pacific weather systems again sweep over the divide onto the plains. Arctic air deepens over northern Canada as the days shorten. The first major arctic outbreak with below-zero temperatures may reach the plains east of the divide during November, but normally it occurs the first week of December.

Additional Comments

Montana Agriculture

Montana's 60.2 million acres of farms and ranches ranks second in the nation behind Texas in total amount of land in agriculture. The total land area of Montana is approximately 145,388 square miles, with 64.1% of the state contained in farm and ranch lands. The farm population of the state, at 45,718, averages 0.4 people per farm.

Of the approximately 60 million acres in use as farm and ranch lands, 66% is comprised of rangeland, with 30% containing croplands (8.5 % irrigated). The total number of farms and ranches in the state of Montana has continually decreased since 1933, when there were 53,000 units. As of 2007 (the latest data available for Montana) it is estimated that there are approximately 29,500 farms and ranches located in the state. The average size of farms and ranches in the state is approximately 2,079 acres. A look at this 2011 agricultural production and inventory rankings shows Montana holds its own among states, according to USDA, National Agricultural Statistics Service, Montana Field Office. Montana ranked second for land in farms with 60.8 million acres in 2010. Texas ranked first with 130.4 million acres and Kansas ranked third with 46.2 million acres. Montana ranked thirty-first for number of farms with 29,400, while Texas ranked first with 247,500 farms. Montana ranked second behind Wyoming for average farm size with 2,068 acres.

Data from NASS March 1, 2012 updated report on Montana: Montana ranked third for all wheat production in 2011, accounting for 8.8% percent of the U.S. total, surpassed by North Dakota and Kansas. Montana ranked third for durum wheat, third for winter wheat, and second for other spring wheat production, accounting for 21.4 percent, 6.0 percent, and 16.3 percent, respectively, of the nation's total. For durum and spring wheat production, North Dakota ranked first. Kansas ranked first for winter wheat production, followed by Texas, Oklahoma, Washington, and Colorado. Montana accounted for 19.9 percent of the nation's barley, ranking third behind North Dakota and Idaho.

Montana ranked second, behind North Dakota, for flaxseed production, accounting for 7.5 percent of the nation's total. Montana ranked first in lentils and dry edible peas. With safflower production, accounting for 6.9 percent of the U.S. total. Montana ranked sixth for sugar beet production with 4.1 percent of the U.S. total, behind Minnesota, North Dakota, Idaho, and Michigan. Montana ranked third for 2011 for alfalfa hay production with 6.7 percent of the nation's total, behind California, South Dakota, and Idaho. Montana ranked eighth for all sheep and lamb inventory on January 1, 2012 with 225,000 head and 4.2 percent of the U.S. total. Montana ranked sixth for breeding sheep inventory with 210,000 head and 5.3 percent of the U.S. total. Montana ranked seventh for lamb crop with 205,000 head or 5.8 percent of 2012 the U.S. total, preceded by Texas, California, South Dakota, and Wyoming. Montana ranked eighth for wool production with 1.85 million pounds or 6.3 percent of the U.S. total. Montana's all cattle and calves inventory on January 1, 2012, ranked eleventh in the nation with 2.5 million head, or 2.8 percent of the U.S. inventory. Montana ranked ninth for all cows with 1.47 million head, accounting for 3.8 percent of the U.S. total, and sixth for beef cows with 1.456 million head, accounting for 4.9 percent of the U.S. inventory. Montana ranked seventh for calf crop with 1.47 million head, accounting for 4.2 percent of the U.S. total.

Montana beekeepers produced 13.34 million pounds of honey or 9.0 percent of the nation's total in 2011, placing Montana in fourth place among the states.

Montana's Rank in the Nation's Agriculture

ITEM	TOTAL	UNIT	PERIOD OR DATE	RANK	% U.S. Total
Number of farms and ranches	29,400	farms/ranches	2010	31	1.3
Land in farms and ranches	60,800,000	acres	2010	2	6.6
Average Farm Size	2,068	acres	2010	3	N/A
INCOME FROM CASH RECEIPTS, EXCLUDING GOVERNMENT PAYMENTS					
Total	2,565,054	thousand dollars	2009	33	0.9
Crops	1,515,649	thousand dollars	2009	30	0.9
Livestock	1,049,404	thousand dollars	2009	32	0.9
LIVESTOCK INVENTORY					
All Cattle and Calves	2,500,000	head	Jan. 1, 2011	11	2.7
All Cows	1,490,000	head	Jan. 1, 2011	9	3.7
Beef Cows	1,476,000	head	Jan. 1, 2011	7	4.8
Milk Cows	14,000	head	Jan. 1, 2011	40	0.2
Cattle on Feed	30,000	head	Jan. 1, 2011	23	0.2
All Sheep and Lambs	230,000	head	Jan. 1, 2011	8	4.2
Breeding Sheep	215,000	head	Jan. 1, 2011	5	5.2
Meat and Other Goats	7,000	head	Jan. 1, 2011	39	0.3
Milk Goats	2,600	head	Jan. 1, 2011	32	0.7
Hogs and Pigs	180,000	head	Dec. 1, 2010	22	0.3
Chickens	535,000	head	Dec. 1, 2010	35	0.1
LIVESTOCK PRODUCTION					
Calf Crop	1,490,000	head	2010	7	4.2
Lamb Crop	225,000	head	2010	5	6.3
Pig Crop	441,000	head	2010	25	0.4
Wool Production	2,000,000	pounds	2010	6	6.5
Egg Production	119,000,000	eggs	2010	35	0.1
Honey Production	11,618,000	pounds	2010	5	6.6
CROP PRODUCTION					
All Wheat	215,360,000	bushels	2010	3	9.8
Winter Wheat	93,600,000	bushels	2010	6	6.3
Durum Wheat	18,020,000	bushels	2010	2	16.8
Other Spring Wheat	103,740,000	bushels	2010	2	16.8
Barley	38,440,000	bushels	2010	3	21.3
Oats	1,647,000	bushels	2010	17	2.0
All Hay	6,105,000	tons	2010	6	4.2
Alfalfa Hay	4,485,000	tons	2010	4	6.6
Other Hay	1,620,000	tons	2010	17	2.1
All Dry Beans	359,000	cwt	2010	10	1.1
Pinto Beans	275,000	cwt	2010	9	2.0
Garbanzo Beans	84,000	cwt	2010	5	4.3
Lentils	3,359,000	cwt	2010	2	38.8
Dry Edible Peas	4,140,000	cwt	2010	2	29.1
Austrian Winter Peas	110,000	cwt	2010	1	46.4
Fall Potatoes	3,673,000	cwt	2010	12	1.0
Sugar Beets	1,254,000	tons	2010	5	3.9
Flaxseed	255,000	bushels	2010	2	2.8
Safflower	22,950,000	pounds	2010	2	10.4
Canola	30,102,000	pounds	2010	5	1.2
Corn for Grain	4,590,000	bushels	2010	38	1/
Corn for Silage	1,080,000	tons	2010	23	1.0

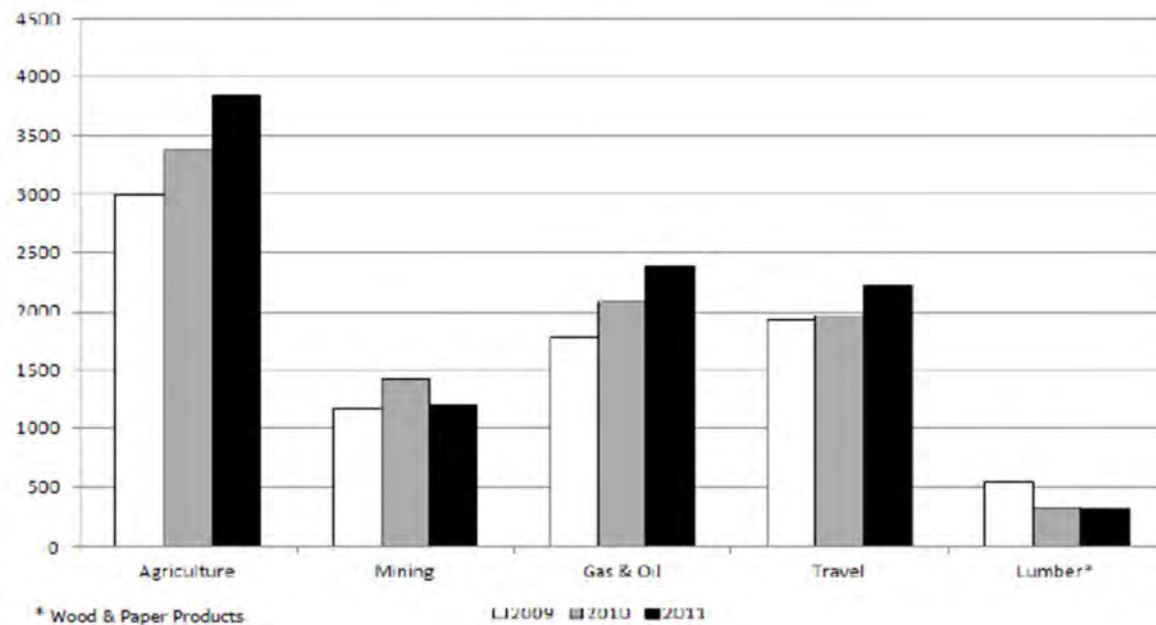
1/ Less than one-tenth of one percent.

Value Added to the U.S. Economy by the Agricultural Sector, Montana

Item	2006	2007	2008	2009	2010	2011
Million Dollars						
Value of crop production	903.6	1,302.3	1,732.2	1,720.9	1,907.3	1,949.1
Food grains	698.3	889.9	1,191.3	1,002.0	1,036.5	1,372.0
Feed crops	180.0	227.3	313.2	421.4	415.9	440.9
Oil crops	9.7	10.6	12.8	12.6	16.2	17.8
Fruits and tree nuts	1.7	7.1	7.9	5.5	7.9	7.9
Vegetables	60.3	105.3	104.6	109.4	163.1	157.5
All other crops	106.5	97.6	92.1	111.0	139.7	126.0
Home consumption	1.9	1.7	2.0	1.2	1.1	1.5
Value of inventory adjustment 1/	(154.8)	(37.1)	8.2	57.8	126.8	(174.5)
Value of livestock production	1,215.6	1,349.2	1,183.8	1,026.2	1,219.9	1,425.5
Meat animals	1,106.4	1,019.7	1,062.8	968.9	1,152.1	1,266.5
Dairy products	45.6	61.1	58.0	42.8	48.0	56.3
Poultry and eggs	4.8	10.1	11.7	8.7	8.5	9.6
Miscellaneous livestock 3/	52.8	43.5	47.1	48.4	54.9	87.6
Home consumption	6.1	5.2	6.3	5.8	6.8	6.5
Value of inventory adjustment 1/	(0.2)	209.5	(2.1)	(48.3)	(54.4)	(1.0)
Revenues from services and forestry	652.6	697.0	788.1	693.0	554.5	781.8
Machine hire and custom work	44.2	59.7	51.8	136.4	48.6	69.0
Forest products sold	3.0	3.0	3.0	3.0	3.0	3.0
Other farm income	194.9	188.0	214.4	224.2	166.9	353.1
Gross imputed rental value of farm dwellings	410.6	446.3	518.9	329.3	335.9	356.7
Value of agricultural sector production 2/	2,771.7	3,348.5	3,704.1	3,440.1	3,677.7	4,156.5

Montana Selected Industries Comparison

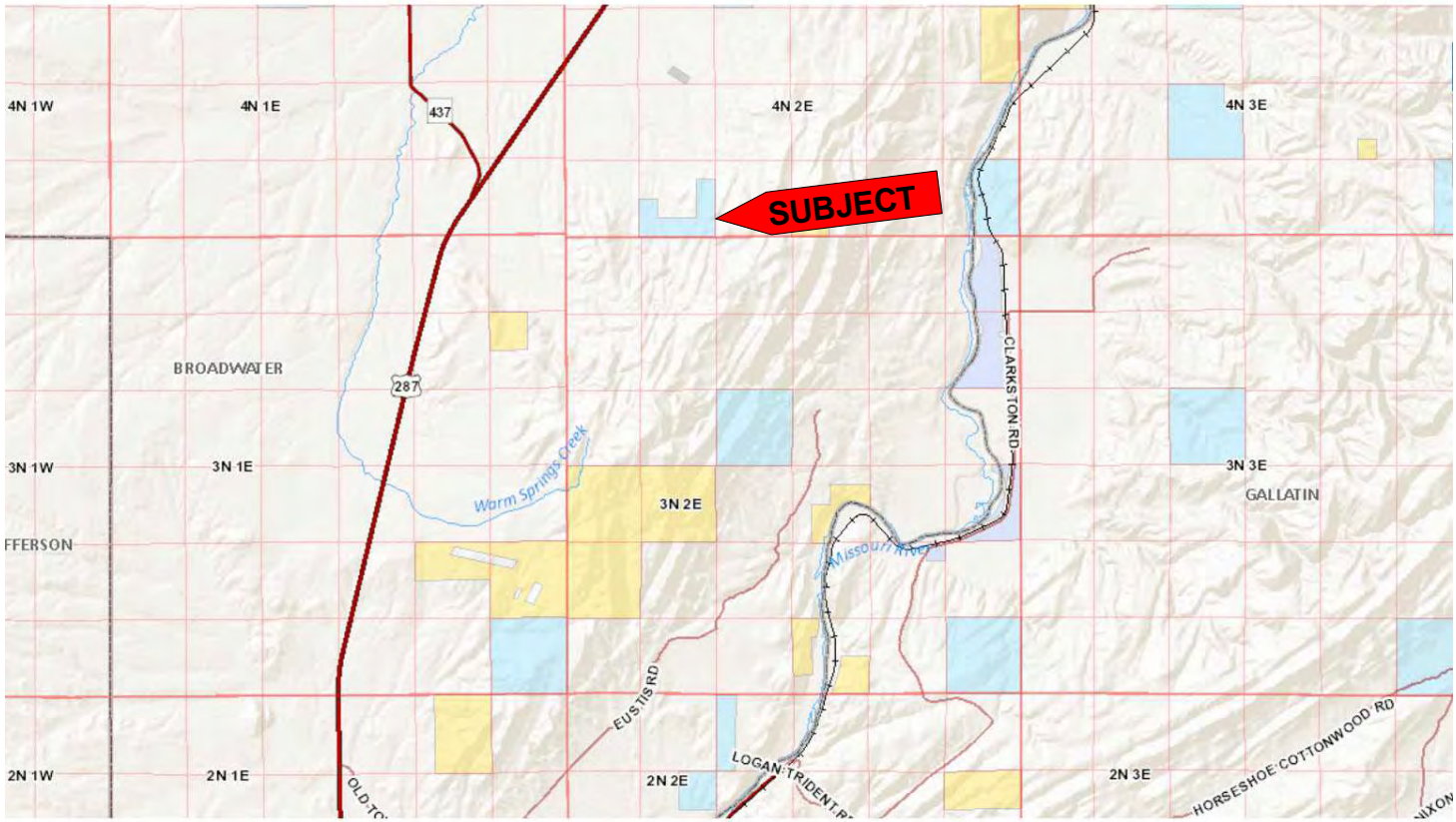
2009-2011



Economic 14

2012 Montana Agricultural Statistics

Map Addendum

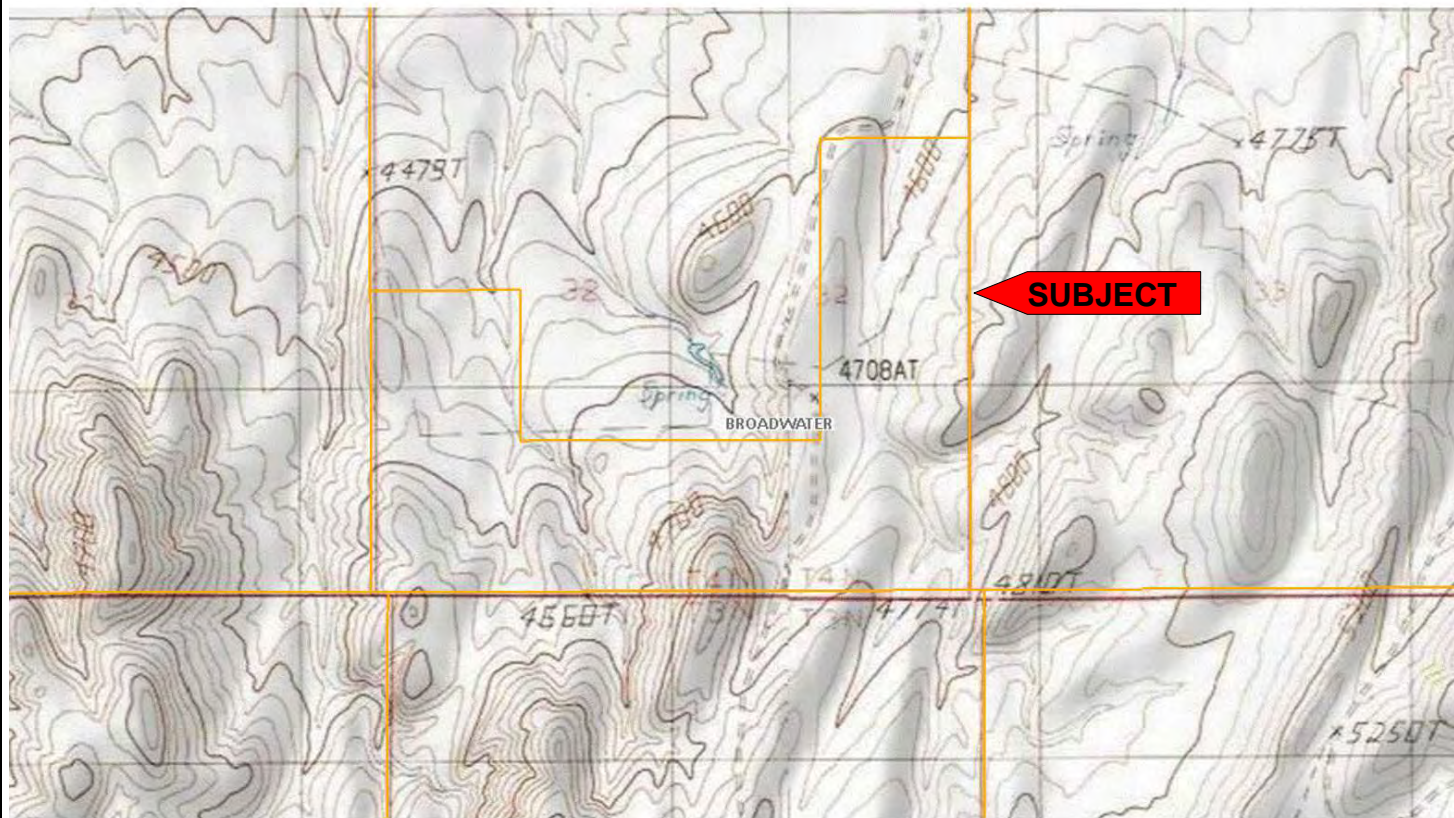


Property Description: (*Location, use and physical characteristics*) The subject property is located eleven miles north of Three Forks, MT off of Highway 289 to a private two track road. The subject is located approximately two miles from Highway 287. The subject does not have legal access. The property is being appraised using a hypothetical condition that it has legal access and also "as-is" with no legal access. The property is "U" in shape. The west side of the "U" is open, rolling topography and is used as dry cropland that is planted every other year in wheat. The bottom part of the "U" and the east side of the "U" becomes more rugged with foothills down the center of the east half of the property. This portion of the property is steeper ranging from 15% to 35% slopes with juniper bushes and some sagebrush. There are no water rights associated with the subject property. The property is unfenced. The year-in, year-out production of the subject property for wheat is 25 to 30 bushel per acre. Views are average for the unit. There is a platted subdivision to the south and west of the subject property along Highway 287.

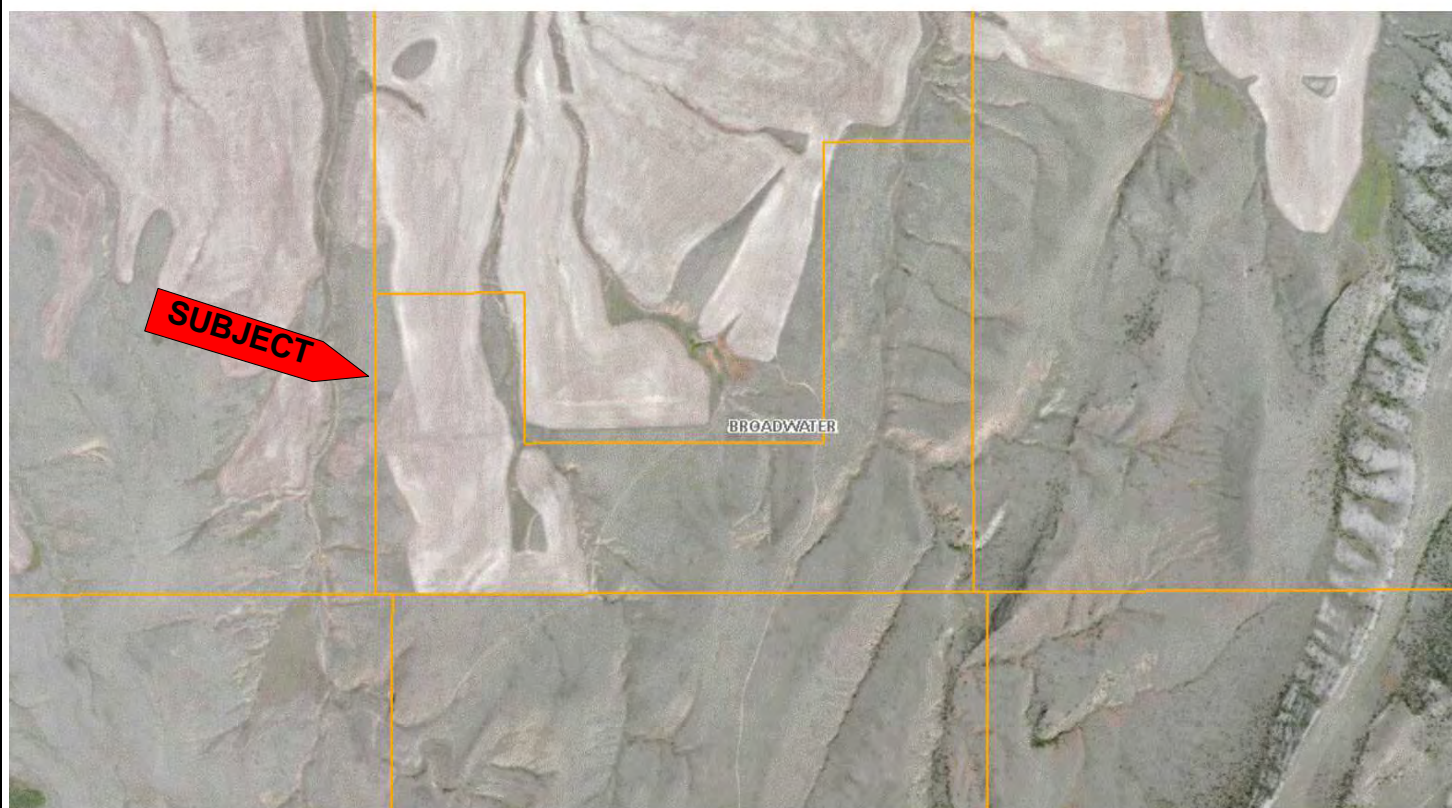
Land Use	Deeded Acres	Unit Type	Unit Size	Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Irrig Land			(0.0%)	Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dry Cropland	62.00	Acres	(22.1%)	Legal Access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hay Land			(0.0%)	Physical Access	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tame Pasture			(0.0%)	Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rangeland	218.00	Acres	(77.9%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Farmstead			(0.0%)	Adequacy Utilities	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Roads/waste			(0.0%)	Services	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other			(0.0%)	Rentability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Leases			(0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreation			(0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total Deeded Acres	280.00	Total Units	0.00	FEMA Zone/Date	2/9/1982			
			(100 %)	Building Location				
Climatic:	10-18	" Annual Precipitation	4500	' to	5800	' Elevation	90-110	Frost-Free Days
Utilities:	Wells	Water	1/4 mile	Electric	Septic	Sewer	Propane	Gas
Distance To:	10	Schools	40	Hospital	40	Markets	9	Major Hwy.
							40	Service Center

Comments There are no hazards or detriments that materially affect the value of the subject property. The subject is susceptible to the area weather but the surrounding area receives the same type of weather. The weed liability on the property is above average for this unit in this area. Given the date of inspection, grass and weeds have not yet started growing so the amount and type that might exist is unknown. Should this be of concern, a weed specialist should be engaged to inspect the weeds during the growing season in order to estimate the expected liability. This appraisal assumes that the weeds are not toxic and the appraiser reserves the right to update the appraisal should the area found to be hazardous. The Appraiser is not an expert in either the detection of hazardous or toxic substances or structural engineering, and did not conduct an environmental audit of the subject property. The property is being appraised assuming there are no toxic or hazardous substances present or associated with the subject property that would affect value. The Appraiser reserves the right to reassess the situation and adjust values if deemed necessary. A detailed search was not undertaken to ascertain the exact status of the mineral estate on the subject parcels. However, in reviewing the past warranty deeds related to the subject property it appears that all minerals are attached to the surface rights of the subject property.

Map Addendum



Map Addendum



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Photo viewing southeast across the subject property from the west boundary.



Same location but viewing more to the east.



Photo viewing east to southeast across the subject property.



Photo viewing east across the unit from the west boundary.



Photo viewing east to northeast across the subject property from the west boundary.

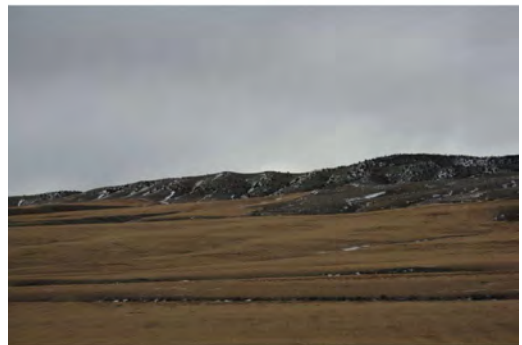


Photo viewing northeast across the subject property.

Cost Approach (Sales 1-5)

Item:		Sale #1	1	Sale #2	2	Sale #3	3	Sale #4	4	Sale #5	5
Sale Land Allocation	Grantor	Stanley Kimm		Scofield Irr. Trust		Scofield Irrevocable Tr.		Scofield Irrevocable Trust		SKS, LLC	
	Grantee	Dennis & Irene Rahn		John & Corrine Clark		Huempfer, Michael		Gauss, Eugene		Ken Dykema	
	Source	Buyer		Seller		Buyer/Broker		Broker/MLS		Co. Records/Bnkr	
	Date	02/13		10/12		07/12		06/12		06/11	
	CEV Price	256,000		292,000		1,015,000		1,235,000		600,000	
	Deeded Acres	318.00		315.52		1,611.68		3,421.00		328.49	
	Location	3 NW Three Forks		3 N of Three Forks		3 mi N Three Forks		4 Mi NW Three Forks		N of Wheat MT	
	Historic Allocation	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
	Time Adjusted Allocation	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	
	Irrg Land		0.00		0.00		0.00		0.00		0.00
	Allocated Value (100%)	\$	0.00	\$	0.00	\$	1,489.00	\$	1,489.00	\$	2,282.50
	Acres		0.00		0.00		0.00		961.00		328.49
	62		0.00		0.00		440.00		440.00		1,826.54
	Hay Land		0.00		0.00		0.00		0.00		0.00
	Allocated Value (%)	\$	0.00	\$	0.00	\$	385.00	\$	440.00	\$	1,597.75
	Tame Pasture		0.00		0.00		0.00		0.00		0.00
	Allocated Value (%)	\$	0.00	\$	0.00	\$	385.00	\$	325.00	\$	1,141.00
	Acres		318.00		315.52		574.00		2,460.00		0.00
	218		805.03		925.46		375.00		325.00		1,027.00
	Rangeland		0.00		0.00		0.00		0.00		0.00
	Allocated Value (%)	\$	0.00	\$	0.00	\$	1,489.00	\$	440.00	\$	1,826.54
	Farmstead		0.00		0.00		0.00		0.00		0.00
	Allocated Value (%)	\$	0.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00
	Roads/waste		0.00		0.00		0.00		0.00		0.00
	Allocated Value (%)	\$	0.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00
	Other		0.00		0.00		627.00		0.00		0.00
	Allocated Value (%)	\$	0.00	\$	0.00	\$	300.00	\$	0.00	\$	0.00
	Leases		0.00		0.00		0.00		254.00		0.00
	Allocated Value (%)	\$	0.00	\$	0.00	\$	0.00	\$	50.00	\$	0.00
	Recreation		0.00		0.00		410.68		0.00		0.00
	Allocated Value (%)	\$	0.00	\$	0.00	\$	1,489.36	\$	440.00	\$	1,826.54

Subject Land Estimate	Land Use	Acres	\$/Acre	Unit Type	Unit Size	\$/Unit	Total
	Irrg Land		\$			\$	\$
	Dry Cropland	62.00	\$ 1,800.00	Acres		\$	\$ 111,600.00
	Hay Land		\$			\$	\$
	Tame Pasture		\$			\$	\$
	Rangeland	218.00	\$ 800.00	Acres		\$	\$ 174,400.00
	Farmstead		\$			\$	\$
	Roads/waste		\$			\$	\$
	Other		\$			\$	\$
	Leases		\$			\$	\$
	Recreation		\$			\$	\$
	Total Acres:	280.00	\$ 1,021.43	Total Units:	0.00	\$	\$ 286,000.00

Cost Approach Summary: (Check one of the following methods applicable to the subject and sale analyses)

<input type="checkbox"/>	Lump Sum Depreciation:	Improvement Contribution _____ % of Cost Estimate	\$
<input type="checkbox"/>	Breakdown Depreciation:	Improvement Contribution Indication	\$
<input type="checkbox"/>	Breakdown Depreciation:	Age/Life Depreciation Improvement Contribution Indication	\$

OTHER

\$

COST APPROACH INDICATION (Land & Improvements)

\$

286,000

Cost Approach Comments

Typically, a time adjustment is applied to sales in the cost approach. Sales/resales of area properties indicated a range of annual appreciation of 11% to 32% per year for similar type properties prior to the end of 2007. This area is a very tightly held farming area with sporadic areas of subdivision. The market was fairly active through about April 2008 and since then there has been limited sales data. The five sales used in this appraisal are in the general area of southern Broadwater County. Sales 1 and 2 are the most current sales in the data set and the most current sales that the appraiser is aware of, and thus most represent the area's market. No depreciation or appreciation could be extracted from the market data within the time frame of the five sales.

Of the five sales used. Sales 4 and 5 had dry cropland at the time of the sale. Sale 4 indicates \$440/acre for dry cropland, which at the time of the sale had just come out of CRP and the buyer intended to turn it into dry cropland. Thus the lower price. Sale 5, indicates \$1,826 per acre for dry cropland. Sale 5 was a platted subdivision at the time of the sale and already had all of the infrastructure in at the time of the sale. The buyer farmed the existing dry cropland around the infrastructure. Using market developed ratios, Sales 1 and 2 indicate a dry cropland value of \$1,438 and \$1,652 per acre respectively. Since Sale 5 is the only true dry cropland sale in the data set and the only recent dry cropland sale in the area market it is the best indicator of value for the subject property. Therefore, a final opinion of value of \$1,800 per acre is concluded for the subject's dry cropland. The five sales range from \$325 to \$1,027 per acre for rangeland. Given Sales 1 and 2 are strictly rangeland sales they are the best indicators of value. A final opinion of \$800 per acre is concluded for the subject property's rangeland.

Sales Comparison Approach (1-5)

Sale Data	Sale Data	Subject	Sale #1 1	Sale #2 2	Sale #3 3	Sale #4 4	Sale #5 5
	Grantor (Seller)		Stanley Kimm	Scofield Irr. Trust	Scofield Irrevocable Tr.	Scofield Irrevocable Trust	SKS, LLC
	Grantee (Buyer)		Dennis & Irene Rahn	John & Corrine Clark	Huempfer, Michael	Gauss, Eugene	Ken Dykema
	Source		Buyer	Seller	Buyer/Broker	Broker/MLS	Co. Records/Bnkr
	Date	Eff 02/13	02/13	10/12	07/12	06/12	06/11
	Eff Unit Size/Unit	280.00 / Acre	318	316	1,612	3,421	328
	Sale Price		256,000	292,000	1,015,000	1,235,000	600,000
	Finance Adjusted		Cash	Cash	Cash 0	Cash to loan 0	Cash
	CEV Price		256,000	292,000	1,015,000	1,235,000	600,000
	Multiplier						
	Expense Ratio				19.85	16.43	

The Appraiser has cited sales of similar property to the subject and considered these in the market analysis. The description below includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and the sales documented. When significant items are superior to the property appraised, a negative adjustment is applied. If the item is inferior, a positive adjustment is applied. Thus, each sale is adjusted for the measurable dissimilarities and each sale producing a separate value indication. The indications from each sale are then reconciled into one indication of value for this approach.

CEV Price/ Acre		805.03	925.46	629.78	361.01	1,826.54
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LAND AND IMPROVEMENT ADJUSTMENTS

Land Adjustment		140.60	160.88	-189.46	20.44	-622.50
Impvt. Adjustment		0.00	0.00	0.00	0.01	0.00
Adjusted Price		945.63	1,086.34	440.32	381.46	1,204.04

TIME ADJUSTMENTS

<input type="checkbox"/> Yr	<input checked="" type="checkbox"/> Mo	Periods	0	0	0	0	0
<input type="checkbox"/> Smp	<input checked="" type="checkbox"/> Cmp	Rate	0.00	0.00	0.00	0.00	0.00
<input type="checkbox"/> Auto	<input checked="" type="checkbox"/> Man	Time Adjustment	0.00	0.00	0.00	0.00	0.00
		Time Adj. Price	945.63	1,086.34	440.32	381.46	1,204.04

OTHER ADJUSTMENTS

Location	Adjustment	Similar	Similar	Similar	Similar	Similar
Size	Adjustment	Similar	Similar	Inferior 600.00	Inferior 600.00	Similar
Platted Subdi	Adjustment	No	No	No	No	Yes -150.00
	Adjustment					
	Adjustment					
Net Adjustments		141	161	411	620	-773
ADJUSTED PRICE		946	1,086	1,041	981	1,054

Analysis/Comments: (Discuss positive and negative aspects of each sale as they affect value)

Prior to any adjustments the five range from \$361 to \$1,826 per acre. No market adjustment, positive or negative, could be determined from the area market for the time frame of the five sales used in this appraisal. Market data, although more sales are occurring in the area, are still fairly limited. The five sales used are the most current and most comparable to the subject property. Once the land/mix adjustment is made, the five sales range from \$381 to \$1,204 per acre. Through the pairing process no locational adjusted could be determined. All the sales are located in areas that are in high demand with subdivision influence, similar to the subject property, which also has subdivision influence to the south and west. From the pairing process it is determined that a size adjustment is warranted. In pairing Sales 3 and 4 with Sales 1, 2, and 5 a positive \$600 per acre adjustment is made and applied to Sales 3 and 4 for their inferior size. Typically, larger acreage properties sale for less on a per acre basis than smaller acreage sales. Thus the concluded adjustment for Sales 3 and 4.

Sales Comparison Approach Summary:

Property Basis (Value Range): \$ _____ to \$ _____
 Unit Basis: \$ 1,000.00 / Acre X 280.00 Acre = \$ 280,000.00
 Multiplier Basis: \$ _____ X _____ (multiple) = \$ _____

Sales Comparison Indication:

\$ _____ See Page 27

Pairing Adjustment Summary (1-5)

Insert the "Land Adjusted" prices for each sale. At this point in the process, the sales and the subject are equal with regard to land mix or land components. View data for pairings and adjustment conclusions. Vacant and/or improved sales should be considered.

Sale Summary		Sale #1 1	Sale #2 2	Sale #3 3	Sale #4 4	Sale #5 5
	Sale Date	02/13	10/12	07/12	06/12	06/11
	Size	318.00	315.52	1,611.68	3,421.00	328.49
	Financing	Cash	Cash	Cash	Cash to loan	Cash
	Sale Price \$/ Acre	\$ 805.00	\$ 925.46	\$ 629.78	\$ 361.01	\$ 1,826.54
	Land Adjustment	\$ 140.60	\$ 160.88	\$ -189.46	\$ 20.44	\$ -622.50
	Land Adjusted Price	\$ 945.60	\$ 1,086.34	\$ 440.32	\$ 381.45	\$ 1,204.04

Time	<input type="checkbox"/> Auto Calc Periods	TIME ADJUSTMENTS				
	<input checked="" type="checkbox"/> Manually Calc Periods					
	Eff Appraisal Date	02/13	02/13	02/13	02/13	02/13
	<input type="checkbox"/> Yr. <input checked="" type="checkbox"/> Mo. Periods	0	0	0	0	0
	<input type="checkbox"/> Smpl <input checked="" type="checkbox"/> Cmp Rate	0.0	0.0	0.0	0.0	0.0
	Time Adjustment	0.00	0.00	0.00	0.00	0.00
	Time Adj. Price	945.60	1,086.34	440.32	381.45	1,204.04

The adjustments below are intended to be used in the Sales Comparison Approach only.

Other	Size Adjust.	Compare Sale # 3 with Sale # 1 = \$ -505.28 difference
		Compare Sale # 3 with Sale # 2 = \$ -646.02 difference
		Compare Sale # 3 with Sale # 5 = \$ -763.72 difference
	Conclude: \$ 600.00	
	Adjustment Subtotal	\$ 945.60 \$ 1,086.34 \$ 1,040.32 \$ 381.45 \$ 1,204.04

Other	Size Adjust.	Compare Sale # 4 with Sale # 1 = \$ -564.15 difference
		Compare Sale # 4 with Sale # 2 = \$ -704.89 difference
		Compare Sale # 4 with Sale # 5 = \$ -822.59 difference
	Conclude: \$ 600.00	
	Adjustment Subtotal	\$ 945.60 \$ 1,086.34 \$ 1,040.32 \$ 981.45 \$ 1,204.04

Other	Platted Sub Adjust.	Compare Sale # 5 with Sale # 2 = \$ 117.70 difference
		Compare Sale # 5 with Sale # 3 = \$ 163.72 difference
		Compare Sale # 5 with Sale # 4 = \$ 222.59 difference
	Conclude: \$ -150.00	
	Adjustment Subtotal	\$ 945.60 \$ 1,086.34 \$ 1,040.32 \$ 981.45 \$ 1,054.04

Other	Adjust.	Compare Sale # with Sale # = \$ difference
		Compare Sale # with Sale # = \$ difference
		Compare Sale # with Sale # = \$ difference
	Conclude:	
	Adjustment Subtotal	\$ 945.60 \$ 1,086.34 \$ 1,040.32 \$ 981.45 \$ 1,054.04

Comments and Conclusions:

Sales Comparison Comments

Sale 5 indicated that there were some price advantage for a platted subdivision with existing infrastructure that affected the sale price of this property. In pairing Sale 5 with Sales 2, 3, and 4 a negative \$150/acre adjustment is concluded and applied to Sale 5. Once all the adjustments are made the five sales range from \$946 to \$1,086/acre. As stated the subject property is being appraised using a Hypothetical Condition that the subject has legal access as well as "as-is"; which is a landlocked parcel with NO legal access.

Under the Hypothetical Condition that the subject property has legal access a final opinion of value of **\$1,000/acre** is concluded and applied to the subject property. Sales 1 and 5 are the best indicators of value and are given the most weight when concluding an opinion of value.

Therefore, the two values for the subject property are as follows. The appraiser was instructed to value the subject property using a Hypothetical Condition that the subject property has legal access and "as-is" as a landlocked tract with no legal access. The Cost Approach indicate a value of \$286,000 for the subject property. The Sales Comparison indicates a final opinion of value of \$280,000. Therefore, a final value for the subject property under the Hypothetical Condition as having legal access is concluded to be \$285,000.

Subject with Legal Access: \$285,000

From our database of paired access sales, which totals 72 pairings, paired sales from Jefferson, Broadwater, Lewis & Clark, and Gallatin County were used to determine an access discount for the subject property to conclude an opinion of value "as-is" of the subject property with no legal access. The pairings from the four counties totalled nineteen pairs that indicated an average discount of 46.4% for properties with no legal access. A discount of 46% is concluded and applied to the subject property for no legal access.

$\$285,000 \text{ Less } 46\% (\$131,100) = \$153,900$

Subject "as-is" NO legal access: \$154,000

Sale 1: \$805 per acre unadjusted and \$946 per acre adjusted for land mix. Sale 1 is set to close February 22, 2013. Sale 1 consists of 318 acres of rangeland surrounded on three sides by platted subdivisions. Sale 1 is located one mile north of Wheat Montana and seven miles southwest of the subject property. Sale 1 is accessed by a county paved road along the south boundary. The south half of the property is level and as the property proceeds north becomes more rolling terrain. Does have a seasonal drainage crossing the northern portion but has been dry for several years. The property was listed for twice what the sale price is and according to the buyer, the seller had an offer of \$1,500/acre but refused to sale because the offer was from a local developer and he (seller) didn't want to see the tract divided. Although this sale is used in the dataset it has yet to close but was used because it is the most recent sale found in the market and the rangeland quality.

Sale 2: \$925 per acre unadjusted and \$1,086 per acre adjusted for land mix. Sale 2 sold in October 2012 and consists of 316 acres. Sale 2 is located one mile north of Wheat Montana and seven miles southwest of the subject property. Sale 2 is accessed off of Old Town Road, a paved county road, and is bordered along the west boundary by Highway 287. Buyer purchased property as an investment and intends to run some cows on it. The seasonal ditch has not had water in it for several years, but the property does have some water rights with it that sold with the property. There is a electrical transfer station located at the northwest corner that is not part of the property. Overall, this property is superior to the subject property and sets the high end of the bracketed range.

Continue Next Page

Sales Comparison Comments

Sale 3: \$629 per acre unadjusted and \$1,041 per acre adjusted for land mix and inferior size. Sale 3 sold in July 2012 and consists of three non-contiguous tracts of land totalling 1,612 deeded acres. All three parcels are within five miles of the subject property. Although Sale 3 is the second largest sale in the dataset it is a good indicator of value for the subject property. Located in Broadwater and Gallatin Counties with most of the land being in Broadwater County. Access is the Old Town and Eustis Roads, county roads. Section 18 in Broadwater and some of the Gallatin Co. land was reported to not have legal access but buyer stated that an access easement did run with Section 18 so he felt he had legal access. The buyer allocated \$300 per acre for Section 18, \$375 per acre for all other rangeland and around \$1,500 for the river bottomlands. He stated that there is a small amount of land in the river piece on the east side of the river that might have a build site but the remainder is in the flood plain so essentially an open space flood plain type of allocation. The sale is closing in 2 transactions. The first transaction is the portion of the land totalling 1,550.68 acres that they had good legal descriptions on. This sold for \$900,000. The next closing is for \$115,000 that was a piece of river ground that was thought to be 60 acres that had to be surveyed. This land surveyed out at around 121 acres but a lot of it was in the river and an island was reportedly involved. The price was based on 60 acres to that is the acreage that was used in this write up. River, springs, stock dams and wells provide stock water. The vegetation is native range grass with cottonwoods and riparian species along the river. Buyer was a neighboring land owner but the property was listed with Vellinga Real Estate. A portion of the river piece has an old railroad right-of-way going through it that was owned by buyer so it severed a portion of the property from the western lands.

Sale 4: \$361 per acre unadjusted and \$981 per acre adjusted for land mix and inferior size. Sale 4 sold in June 2012 and consists of 3,421 deeded acres. Sale 4 is located two miles north of Wheat Montana and five miles south of the subject property. Sale 4 is the largest sale in the data set and was used because it is a recent sale and a good indicator of value for the area. Crossed by Mud Spring Gulch with no real water. Seasonal drainages - otherwise. Purchased by investor. Water for cattle supplied by stock dams, wells, and tanks. The 961 acres was in CRP and just came out. Buyer plans to till up and use for dry cropland for grain. Property is divided into 5 pasture with well watering system and storage tanks and underground lines for livestock. Located along paved two lane Highway 287 just north of Wheat Montana. The terrain is rolling. It is adjoined by state lands on the east and BLM on the north and east. It was on the market for 192 days. Fairly plain unit with little on-site aesthetics. Historically dry area but in good years can grow a good wheat crop.

Sale 5: \$1,826 per acre unadjusted and \$1,054 per acre adjusted for land mix and being a platted subdivision with existing infrastructure at the time of the sale. Sale 5 sold in June 2011 and consists of 328 deeded acres. Sale 5 is located two miles north of Wheat Montana and eight miles southwest of the subject property. Property is a platted subdivision with only a few developed lots. All the infrastructure to each lot was in place at the time of the sale. The buyer purchased the property to dry crop farm. He believes it will be profitable to farm until the rural home market picks back up and he can sell the lots as demand increases. Sale 5 is similar to the subject property and is a good indicator of dry cropland value for the area market.

Reconciliation and Opinion of Value

Summary

Cost Approach	\$	286,000
Income Approach	\$	
Sales Comparison Approach	\$	See Page 27

Discussion & Correlation of Values

Analysis of Each Approach and Opinion of Value: The COST APPROACH is most applicable when appraised property's improvements are new and represent the highest and best use of the land. Additionally, the Cost Approach is useful when there is a good bank of open land sales that are dependable and reliable and when the costing information is from excellent sources. Although the subject property is unimproved, it contains two different land classes, dry cropland and rangeland. Thus the Cost Approach was used in this appraisal to determine market value.

The SALES COMPARISON APPROACH is based on a direct comparison of similar properties which have sold in the subject area or a competing area. Given the nature of the market similar properties for direct pairings were not available for adjustments for all factors of value but there was the ability to identify market supported adjustments for the components or factors affecting value as identified. The Sales Comparison Approach was utilized in this report and is felt to be a reliable approach to value given that it is relied upon heavily by buyers and sellers and the nature of the quantity and quality of data available.

The INCOME APPROACH is based on the stabilized net income potential of the land and market indicated capitalization rates representing buyers' expected returns on similar properties. Properties in the area have minimal economic use relative to rental values and rents cannot support value trends in this market which has transitioned from agricultural uses to a higher use of rural recreational investment. While some are used for agricultural grazing and fee hunting, the fees generated by such uses do not justify, nor are they relevant to, an economic valuation of the properties. As such, a valuation of properties such as the subject utilizing the Income Approach is not appropriate. Therefore, the Income Approach is not applicable.

The appraiser employed all three traditional methods of estimating the market value of the subject property. The sales used are sales that possess features and characteristics generally similar to those of the appraised property. This sales data was used within two approaches to value and reflect a relatively narrow range that lends a high degree of confidence to the final appraised value. In the final analysis, the sales comparison and cost approaches are deemed to be the most accurate and reliable methods of valuation for the appraised property with more weight being applied to the sales comparison approach because it is felt that it is more representative of the area market. The concluded value considers the fee simple ownership rights of the real property described herein and is in terms of cash including land and buildings.

Allocation of Value

Opinion Of Value -	(Estimated Marketing Time	12-18	months, see attached)	\$	SEE PAGE 27
Cost of Repairs	\$				
Cost of Additions	\$				
Allocation:	(Total Deeded Units: 280.00)	Land:	\$	0	/ (0 %)
		Land Improvements:	\$	0	/ (0 %)
		Structural Improvement Contribution:	\$	0	/ (0 %)
Value Estimate of Non-Realty Items:					
Value of Personal Property (local market basis)	\$				
Value of Other Non-Realty Interests:	\$				
Non-Realty Items:	\$		\$	0	/ (0 %)
Leased Fee Value (Remaining Term of Encumbrance)	\$		\$	0	/ (0 %)
Leasehold Value	\$		\$	0	/ (0 %)
Overall Value	\$		\$	0	/ (100 %)

Assumptions and Limiting Conditions

The certification of the Appraiser(s) appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. The Appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser(s) render any opinion as to title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in the report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property. Drawings and/or plats are not represented as an engineer's work product, nor are they provided for legal reference.
3. The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this appraisal and are invalid if so used.
5. The Appraiser(s) have, in the process of exercising due diligence, requested, reviewed, and considered information provided by the ownership of the property and client, and the Appraiser(s) have relied on such information and assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, for engineering which might be required to discover such factors, or the cost of discovery or correction.
6. While the Appraiser(s) ☒ have ☐ have not inspected the subject property and ☒ have ☐ have not considered the information developed in the course of such inspection, together with the information provided by the ownership and client, the Appraiser(s) are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated.
7. Information, estimates, and opinions furnished to the Appraiser(s), and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser(s) can be assumed by the Appraiser(s).
8. Unless specifically cited, no value has been allocated to mineral rights or deposits.
9. Water requirements and information provided has been relied on and, unless otherwise stated, it is assumed that:
 - a. All water rights to the property have been secured or perfected, that there are no adverse easements or encumbrances, and the property complies with Bureau of Reclamation or other state and federal agencies;
 - b. Irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures;
 - c. Any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured with the title to real estate; and
 - d. Title to all such property conveys with the land.
10. Disclosure of the contents of this report is governed by applicable law and/or by the Bylaws and Regulations of the professional appraisal organization(s) with which the Appraiser(s) are affiliated.
11. Neither all nor any part of the report, or copy thereof, shall be used for any purposes by anyone but the client specified in the report without the written consent of the Appraiser.
12. Where the appraisal conclusions are subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner consistent with the plans, specifications and/or scope of work relied upon in the appraisal.
13. Acreage of land types and measurements of improvements are based on physical inspection of the subject property unless otherwise noted in this appraisal report.
14. EXCLUSIONS. The Appraiser(s) considered and used the three independent approaches to value (cost, income, and sales comparison) where applicable in valuing the resources of the subject property for determining a final value conclusion. Explanation for the exclusion of any of the three independent approaches to value in determining a final value conclusion has been disclosed in this report.
15. SCOPE OF WORK RULE. The scope of work was developed based on information from the client. This appraisal and report was prepared for the client, at their sole discretion, within the framework of the intended use. The use of the appraisal and report for any other purpose, or use by any party not identified as an intended user, is beyond the scope of work contemplated in the appraisal, and does not create an obligation for the Appraiser.
16. Acceptance of the report by the client constitutes acceptance of all assumptions and limiting conditions contained in the report.
17. Other Contingent and Limiting Conditions:

Appraisers Certification

We certify that, to the best of our knowledge and belief:

1. the statements of fact contained in this report are true and correct.
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analysis, opinions, and conclusions.
3. we have ☒ no ☐ the specified present or prospective interest in the property that is the subject of this report and we have ☒ no ☐ the specified personal interest with respect to the parties involved.
4. we have performed ☒ no ☐ the specified services, as an appraiser 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.
5. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. we ☒ have ☐ have not made a personal inspection of the property that is the subject of this report.
10. ☒ no one ☐ the specified persons provided significant real property appraisal assistance to the persons signing this certification.

Effective Date of Appraisal: 02/13/13

Opinion of Value: \$ SEE PAGE 27

Appraiser:

Signature: 

Property Inspection: ☒ Yes ☐ No
Inspection Date: 02/13/13

Name: Katie Rickett, ARA
License #:
Certification #: REA-RAG-LIC-650
ASFMR # 1664

Appraiser has ☒ inspected ☒ verified ☒ analyzed
the sales contained herein.

Date Signed: February 14, 2013

Appraiser:

Signature: 

Property Inspection: ☒ Yes ☐ No
Inspection Date:

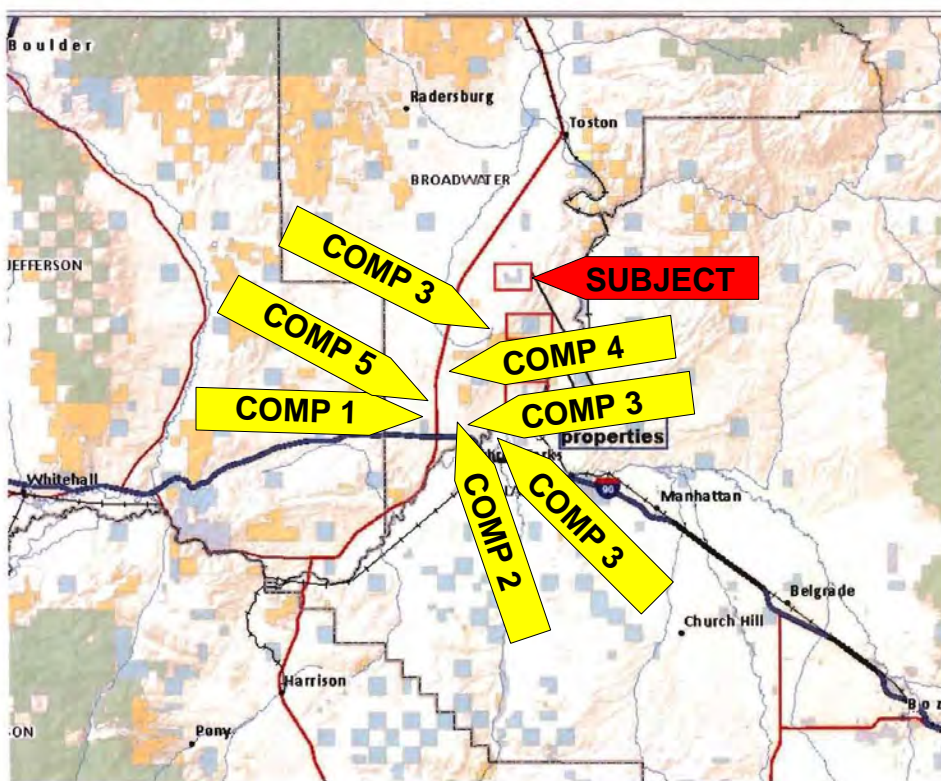
Name: Kim C. Colvin
License #:
Certification #: REA-RAG-LIC-174
WY Cert.Gen. # 424

Appraiser has ☒ inspected ☒ verified ☒ analyzed
the sales contained herein.

Date Signed: February 14, 2013

Map Addendum

Location Map of Parcel



Index #	Database #	82	Sale #	1	Unimproved Sale
Grantor	Stanley Kimm	Sales Price	256,000	Property Type	Agriculture
Grantee	Dennis & Irene Rahn	Other Contrib.		Primary Land Use	Grazing
Deeded Acres	318.00	Net Sale Price	256,000	Document #	
Sale Date/DOM	02/22/13 /	\$/Deeded Acre	805.03	MLS #	
Prior Sale Date		Financing	Cash	Surface Water	None
Prior CEV Price		% Fin. Adj.		Irrg. Water	None
Analysis Code		CEV Price	256,000	Terrain	Level to rolling
Source	Buyer	SCA Unit Type	Acres	Influences	
Motivation	Open Market	Eff. Unit Size	318.00	Public Land Boundary	
Highest & Best Use	Development	SCA \$/Unit	805.03	Amenities	
Address		Multiplier Unit		Ac/AUM	
City	Three Forks	Multiplier No.		Pasture Quality	Avg
County	Broadwater	Legal Access	Yes-paved cnty	Cropland Quality	
State/Zip	MT /	Physical Access	Yes		
Region/Area/Zone	/ /	View	Average	Tax ID/Recording	J240027
Location	3 NW Three Forks	Utilities	Yes	Sec/Twp/Rge	9 / 2N / 1E
Legal Description:	T2N, R1E, Section 9: W2				

Land-Mix Analysis									
Land Mix Analysis	Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit		Total Unit Value
	Irrg Land	%	Ac.				X	\$	= \$
	Dry Cropland	%	Ac.				X	\$	= \$
	Hayland	%	Ac.				X	\$	= \$
	Tame Pasture	%	Ac.				X	\$	= \$
	Rangeland	%	318.00	Ac.	805.03		X	\$	= \$ 256,000
	Farmstead	%	Ac.				X	\$	= \$
	Roads/Waste	%	Ac.				X	\$	= \$
	Other	%	Ac.				X	\$	= \$
	Leases	%	Ac.				X	\$	= \$
	Recreational	%	Ac.				X	\$	= \$
	Totals		318.00	Ac.	805.03		X	\$	= \$ 256,000
CEV Price \$	256,000	- Land Contribution \$		256,000	= Improvement Contribution \$				

Income Analysis									
Income Analysis	Income Estimate Basis:		<input type="checkbox"/>	Cash	<input type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
	Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
	<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
	Rangeland		318.00	Acres	0.40	20.00	2,544	100	2,544
Improvements <input type="checkbox"/>		Improvements Included in Land Rent				/mo	/yr		
Stabilized Gross Income = \$								2,544	
Expense Items:		Expenses (cont.):				Expenses (cont.):			
Real Estate Tax	\$ _____	_____	\$ _____	_____	\$ _____	_____	\$ _____	_____	
Insurance	\$ _____	_____	\$ _____	_____	\$ _____	_____	\$ _____	_____	
Maintenance	\$ _____	_____	\$ _____	_____	\$ _____	_____	\$ _____	_____	
Management	\$ _____	_____	\$ _____	_____	\$ _____	_____	\$ _____	_____	
Total Expenses	_____	/ Stabilized G.I.	2,544	= Expense Ratio	_____	%	Total Expenses = \$		
Net Income	2,544	/ CEV Price	256,000	= Cap Rate	0.99	%	Net Income = \$		2,544

Index #		Database #		82		Sale #		1			
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ % Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %											
Comments	Property is surrounding by subdivision on three sides with a half section of State land across the road. Property bought by a local operator who is good friends with seller. Seller had an offer of \$1,500 per acre and refused because it was a developer. South side of unit is level with the northern portion becoming more rolling with seasonal drainage crossing the unit and hills. Buyer plans on farming the parcel.										

Index #

Database # 82

Sale # 1

RIGHT Photo viewing north towards the north boundary of the unit.



LEFT Photo viewing west across the northern portion of the sale property.



RIGHT Photo viewing southwest across unit from the northern portion.

Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #	204	Sale #	2	Unimproved Sale
Grantor	Scofield Irr. Trust	Sales Price	292,000	Property Type	Rural Investment
Grantee	John & Corrine Clark	Other Contrib.		Primary Land Use	Grazing
Deeded Acres	315.52	Net Sale Price	292,000	Document #	168048
Sale Date/DOM	10/12/12 /	\$/Deeded Acre	925.46	MLS #	
Prior Sale Date		Financing	Cash	Surface Water	Seasonal
Prior CEV Price		% Fin. Adj.		Irrg. Water	None
Analysis Code		CEV Price	292,000	Terrain	Level
Source	Seller	SCA Unit Type	Acres	Influences	
Motivation	Open Market	Eff. Unit Size	315.52	Public Land Boundary	
Highest & Best Use	Rural Investment	SCA \$/Unit	925.46	Amenities	
Address	Old Town Rd	Multiplier Unit		Ac/AUM	
City	Three Forks	Multiplier No.		Pasture Quality	Average
County	Broadwater	Legal Access	Yes	Cropland Quality	
State/Zip	MT /	Physical Access	Yes		
Region/Area/Zone	/ /	View	Average	Tax ID/Recording	2413016
Location	3 N of Three Forks	Utilities	Yes	Sec/Twp/Rge	10 / 2N / 1E
Legal Description: T2N, R1E, Section 10: Parcel A of COS 2/370 Less Gravel pit.					

Land-Mix Analysis									
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit			Total Unit Value
Irrg Land	%	Ac.				X \$	= \$		
Dry Cropland	%	Ac.				X \$	= \$		
Hayland	%	Ac.				X \$	= \$		
Tame Pasture	%	Ac.				X \$	= \$		
Rangeland	%	315.52	Ac. 925.46			X \$	= \$		292,001
Farmstead	%	Ac.				X \$	= \$		
Roads/Waste	%	Ac.				X \$	= \$		
Other	%	Ac.				X \$	= \$		
Leases	%	Ac.				X \$	= \$		
Recreational	%	Ac.				X \$	= \$		
Totals		315.52	Ac. 925.46			X \$	= \$		292,001
CEV Price \$	292,000	- Land Contribution \$	292,001	= Improvement Contribution \$					-1

Income Analysis									
Income Analysis	Income Estimate Basis:		<input type="checkbox"/>	Cash	<input type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
	Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
	<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
	Rangeland		315.52	Acres	0.20	20.00	1,262	100	1,262
Improvements		<input type="checkbox"/>	Improvements Included in Land Rent				/mo	/yr	
Stabilized Gross Income = \$								1,262	
Expense Items:		Expenses (cont.):				Expenses (cont.):			
Real Estate Tax	\$			\$		\$			
Insurance	\$			\$		\$			
Maintenance	\$			\$		\$			
Management	\$			\$		\$			
Total Expenses		/ Stabilized G.I.	1,262	= Expense Ratio		%	Total Expenses = \$		
Net Income	1,262	/ CEV Price	292,000	= Cap Rate	0.43	%	Net Income = \$		1,262

Index #		Database #		204		Sale #		2			
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____% Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%											
Comments	Property is triangular in shape and located between Hwy 289 and Old Town Road. Buyer purchased property as an investment and intends to run some cows on it. The seasonal ditch has not had water in it for several years, but the property does have some water rights with it that sold with the property. There is a electrical transfer station located at the northwest corner that is not part of the property.										

Index #

Database #

204

Sale #

2



ABOVE: Photo viewing south across the property.

BELOW: Photo viewing south across the sale property.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #	607	Sale #	3	Unimproved Sale
Grantor	Scofield Irrevocable Tr.	Sales Price	1,015,000	Property Type	Agricultural/Recreation
Grantee	Huempfer, Michael	Other Contrib.	None	Primary Land Use	Grain/Cattle
Deeded Acres	1,611.68	Net Sale Price	1,015,000	Document #	167527 (B) 2420731(G)
Sale Date/DOM	07/16/12 /	\$/Deeded Acre	629.78	MLS #	185278
Prior Sale Date		Financing	Cash	Surface Water	Jefferson River
Prior CEV Price		% Fin. Adj.	0	Irrg. Water	Subby
Analysis Code	KCC	CEV Price	1,015,000	Terrain	Nearly leve to steep
Source	Buyer/Broker	SCA Unit Type		Influences	River'
Motivation	Market	Eff. Unit Size	1,611.68	Public Land Boundary	BLM
Highest & Best Use	Agricultural	SCA \$/Unit	629.78	Amenities	River/Views
Address	Old Town Road	Multiplier Unit		Ac/AUM	
City	Three Forks, MT	Multiplier No.		Pasture Quality	Ave
County	Broadwater	Legal Access	Yes per buyer	Cropland Quality	Ave
State/Zip	MT / 59752	Physical Access	Cty roads & easemetn		
Region/Area/Zone	SW / TF / None	View	Mountains, Valley	Tax ID/Recording	WD
Location	3 mi N Three Forks	Utilities	To land along road	Sec/Twp/Rge	18 / T2N / R2E
Legal Description: T2N, R2E: Section 18: Tract 1 202.04 acres, Sec. 17: Tract 1 148.64 acres, T3N,R2E: Section 18 All, T2N, R1E: Section 11: E 1/2, Section 12: W1/2 north of county road.					

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Irrg Land	0 %	Ac.	1,489.00		X \$	= \$	
Dry Cropland	0 %	Ac.	440.00		X \$	= \$	
Hayland	0 %	Ac.	385.00		X \$	= \$	
Tame Pasture	0 %	Ac.	385.00		X \$	= \$	
Rangeland	0 %	574.00	Ac. 375.00		X \$	= \$	215,250
Farmstead	0 %	Ac.	1,489.00		X \$	= \$	
Roads/Waste	0 %	Ac.			X \$	= \$	
Other - remote	0 %	627.00	Ac. 300.00		X \$	= \$	188,100
Leases	0 %	Ac.			X \$	= \$	
Recreational	100 %	410.68	Ac. 1,489.36		X \$	= \$	611,650
Totals		1,611.68	Ac. 629.78		X \$	= \$	1,015,000
CEV Price \$	1,015,000	- Land Contribution \$	1,015,000	= Improvement Contribution \$			

Income Analysis

Income Analysis

Income Estimate Basis:		<input type="checkbox"/>	Cash	<input checked="" type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator	
Income Source			Unit	Stabilized	Total Production		Cash/Share/Owner Income	
<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
Rangeland		1,201.00	AUM	0.28	22.00	7,398	100	7,398
Irr. Pasture		410.68	AUM	1.50	22.00	13,552	100	13,552
Improvements <input type="checkbox"/>		Improvements Included in Land Rent				/mo	/yr	
Stabilized Gross Income = \$								20,950
Expense Items:		Expenses (cont.):			Expenses (cont.):			
Real Estate Tax	\$ 1,208		\$			\$		
Insurance	\$ 403		\$			\$		
Maintenance	\$ 1,500		\$			\$		
Management	\$ 1,048		\$			\$		
Total Expenses	4,159	/ Stabilized G.I.	20,950	= Expense Ratio	19.85	%	Total Expenses = \$	4,159
Net Income	16,791	/ CEV Price	1,015,000	= Cap Rate	1.65	%	Net Income = \$	16,791

Index #	Database #	607		Sale #	3						
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
	Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ % Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %										
Comments	<p>Located in Broadwater and Gallatin Counties with most of the land being in Broadwater County. Access is the Old Town and Eustis Roads, county roads. Section 18 in Broadwater and some of the Gallatin Co. land was reported to not have legal access but buyer stated that an access easement did run with Section 18 so he felt he had legal access. The buyer allocated \$300 per acre for Section 18, \$375 per acre for all other rangeland and around \$1,500 for the river bottomlands. He stated that there is a small amount of land in the river piece on the east side of the river that might have a build site but the remainder is in the flood plain so essentially an open space flood plain type of allocation. The sale is closing in 2 transactions. The first transaction is the portion of the land totalling 1,550.68 acres that they had good legal descriptions on. This sold for \$900,000. The next closing is for \$115,000 that was a piece of river ground that was thought to be 60 acres that had to be surveyed. This land surveyed out at around 121 acres but a lot of it was in the river and an island was reportedly involved. The price was based on 60 acres to that is the acreage that was used in this write up. River, springs, stock dams and wells provide stock water. The vegetation is native range grass with cottonwoods and riparian species along the river. Buyer was a neighboring land owner but the property was listed with Vellinga Real Estate. A portion of the river piece has an old railroad right-of-way going through it that was owned by Huempfer so it severed a portion of the property from the western lands.</p>										

Index #

Database # 607

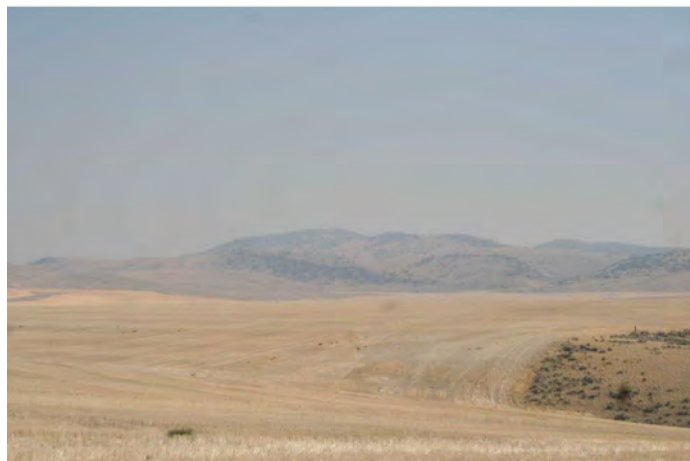
Sale # 3

Subject Photos.

RIGHT Native rangeland of off Eustis Road.



LEFT Access restricted parcel on timbered side of far mountain beyond dry cropland.



RIGHT Jefferson River on river bottom parcel.



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #	851	Sale #	4	Unimproved Sale
Grantor	Scofield Irrevocable Trust	Sales Price	1,235,000	Property Type	Ag.
Grantee	Gauss, Eugene	Other Contrib.		Primary Land Use	Range/Grain
Deeded Acres	3,421.00	Net Sale Price	1,235,000	Document #	167424
Sale Date/DOM	06/25/12 /	\$/Deeded Acre	361.01	MLS #	180532
Prior Sale Date		Financing	Cash to loan	Surface Water	Creek/springs
Prior CEV Price		% Fin. Adj.	0	Irrg. Water	None
Analysis Code	KCC	CEV Price	1,235,000	Terrain	Rolling to steeper
Source	Broker/MLS	SCA Unit Type	Acre	Influences	Highway
Motivation	Market	Eff. Unit Size	3,421.00	Public Land Boundary	State/BLM
Highest & Best Use	Agriculture	SCA \$/Unit	361.01	Amenities	Views
Address	Hwy 287	Multiplier Unit		Ac/AUM	
City	Three Forks	Multiplier No.		Pasture Quality	Ave
County	Broadwater	Legal Access	Yes	Cropland Quality	Ave
State/Zip	MT / 59752	Physical Access	Highway & Cty Road		
Region/Area/Zone	SW / TF / None	View	Mountains/valley	Tax ID/Recording	WD
Location	4 Mi NW Three Forks	Utilities	Power/phone along rd.	Sec/Twp/Rge	2 / T2N / R1E
Legal Description: T2N, R1E: Section 2: Lot 4, SW4NW4, W2SW4. Sec. 3: Lots 1, 2, 3, 4, S2NW4, S2 with several exceptions for roads, gravel, railroad etc., T3N, R1E: Section 26: S2, Section 27: All those portions of E2, SW4, N2NW4, SE4NW4 lying east of US Highway 10.					

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Irrg Land	0 %	Ac.	1,489.00		X \$	= \$	
Dry Cropland	0 %	961.00 Ac.	440.00		X \$	= \$	422,840
Hayland	0 %	Ac.	440.00		X \$	= \$	
Tame Pasture	0 %	Ac.	325.00		X \$	= \$	
Rangeland	0 %	2,460.00 Ac.	325.00		X \$	= \$	799,500
Farmstead	0 %	Ac.	440.00		X \$	= \$	
Roads/Waste	0 %	Ac.			X \$	= \$	
Other	0 %	Ac.			X \$	= \$	
Leases	0 %	Ac.		254.00	AUMs	X \$ 50.00	= \$ 12,700
Recreational	0 %	Ac.	440.00		X \$	= \$	
Totals		3,421.00 Ac.	357.30	254.00		X \$ 50.00	= \$ 1,235,040
CEV Price \$	1,235,000	- Land Contribution \$		1,235,040	= Improvement Contribution \$		-40

Income Analysis

Income Analysis

Income Estimate Basis:		<input type="checkbox"/> Cash	<input checked="" type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator				
Income Source		Unit	Stabilized	Total Production		Cash/Share/Owner Income		
<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$	
Rangeland		2,460.00	AUM	0.28	22.00	15,154	100	15,154
Grain		961.00	BU	22.00	5.50	116,281	33	38,373
Improvements <input type="checkbox"/>		Improvements Included in Land Rent			/mo	/yr		
Stabilized Gross Income = \$								53,527
Expense Items:		Expenses (cont.):		Expenses (cont.):				
Real Estate Tax	\$ 2,715	BLM Leases	\$ 268		\$			
Insurance	\$ 855	State	\$ 785		\$			
Maintenance	\$ 1,500		\$		\$			
Management	\$ 2,671		\$		\$			
Total Expenses	8,794	/ Stabilized G.I.	53,527	= Expense Ratio	16.43 %	Total Expenses = \$	8,794	
Net Income	44,733	/ CEV Price	1,235,000	= Cap Rate	3.62 %	Net Income = \$	44,733	

Index #		Database #		851		Sale #		4			
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____% Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%											
Comments	<p>Crossed by Mud Spring Gulch with no real water. Seasonal drainages - otherwise. Purchased by investor. Water for cattle supplied by stock dams, wells, and tanks. The 961 acres was in CRP and just came out. Buyer plans to till up and use for dry cropland for grain. Property is divided into 5 pasture with well watering system and storage tanks and underground lines for livestock. Located along paved two lane Highway 287 just north of Wheat Montana. The terrain is rolling. It is adjoined by state lands on the east and BLM on the north and east. It was on the market for 192 days. Fairly plain unit with little on-site aesthetics. Historically dry area but in good years can grow a good wheat crop.</p>										

Index # _____

Database # _____ 851 _____

Sale # _____ 4 _____

Sale Photos



Southwest section



Looking northeast from gravel county road.



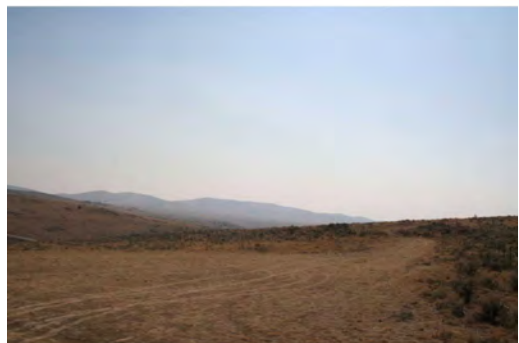
Southwest Section



Looking northeast from highway.



Looking northeast from highway at CRP



North end of sale.

Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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Index #	Database #	898	Sale #	5	Unimproved Sale
Grantor	SKS, LLC	Sales Price	600,000	Property Type	Rural Homesite
Grantee	Ken Dykema	Other Contrib.		Primary Land Use	Agriculture
Deeded Acres	328.49	Net Sale Price	600,000	Book/Page	
Sale Date/DOM	06/15/11 /	\$/Deeded Acre	1,826.54	MLS #	
Prior Sale Date		Financing	Cash	Surface Water	None
Prior CEV Price		% Fin. Adj.		Irrg. Water	None
Analysis Code		CEV Price	600,000	Terrain	Rolling Rangeland
Source	Co. Records/Bnkr	SCA Unit Type	Acres	Influences	Views
Motivation	Open Market	Eff. Unit Size	328.49	Public Land Boundary	None
Highest & Best Use	Agriculture	SCA \$/Unit	1,826.54	Amenities	Views
Address		Multiplier Unit		Ac/AUM	
City	Three Forks	Multiplier No.		Pasture Quality	Avg
County	Broadwater	Legal Access	Pvd Hwy/Subd. Rd	Cropland Quality	Avg
State/Zip	MT /	Physical Access	Yes		
Region/Area/Zone	/ /	View	Good	Tax ID/Recording	
Location	N of Wheat MT	Utilities	Yes	Sec/Twp/Rge	4 / 2N / 1E
Legal Description: T2N, R1E, Section 4:Price Hill Subdivision. Everything South of Price Rd in Section 4; except lots that have sold.					

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Irrg Land	100 %	Ac.	2,282.50		X \$	= \$	
Dry Cropland	80 %	328.49	Ac. 1,826.54		X \$	= \$	600,000
Hayland	70 %		Ac. 1,597.75		X \$	= \$	
Tame Pasture	50 %		Ac. 1,141.00		X \$	= \$	
Rangeland	45 %		Ac. 1,027.00		X \$	= \$	
Farmstead	100 %		Ac. 1,826.54		X \$	= \$	
Roads/Waste	0 %		Ac.		X \$	= \$	
Other	%		Ac.		X \$	= \$	
Leases	%		Ac.		X \$	= \$	
Recreational	%		Ac. 1,826.54		X \$	= \$	
Totals		328.49	Ac. 1,826.54		X \$	= \$	600,000
CEV Price \$	600,000	- Land Contribution \$	600,000	= Improvement Contribution \$			

Income Analysis

Income Estimate Basis:		<input type="checkbox"/> Cash	<input type="checkbox"/> Share	<input checked="" type="checkbox"/> Owner/Operator			
Income Source	Units	Unit Measure	Stabilized Yield	Total Production	Cash/Share/Owner Income		
<input type="checkbox"/> Actual <input type="checkbox"/> Estimated				Stabilized \$/Unit	Gross Income	Share %	Income \$
Wheat	200.00	Acres	30.00	5.00	30,000	100	30,000
Improvements <input type="checkbox"/> Improvements Included in Land Rent /mo /yr							
Stabilized Gross Income = \$							30,000
Expense Items:		Expenses (cont.):		Expenses (cont.):			
Real Estate Tax	\$		\$		\$		
Insurance	\$		\$		\$		
Maintenance	\$		\$		\$		
Management	\$		\$		\$		
Total Expenses	/ Stabilized G.I.	30,000	= Expense Ratio	%	Total Expenses = \$		
Net Income	30,000 / CEV Price	600,000	= Cap Rate	5.00 %	Net Income = \$	30,000	

Index #		Database #		898		Sale #		5			
Improvement Analysis											
Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
	Type										
	Size										
	Unit										
	Utility										
	Condition										
	Age										
	Remaining Life										
	RCN/Unit										
	RCN										
	% Physical Depreciation										
	RCN Remainder After Phys. Depr.										
	% Functional Obsolescence										
	RCN Rem. After Phys./Funct. Depr.										
	% External Obsolescence										
	Total Impt. Contribution										
	Contribution \$/Unit										
Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____% Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%											
Comments	Property is a platted subdivision with only a few developed lots. All the infrastructure to each lot was in place at the time of the sale. The buyer purchased the property to dry crop farm. He believes it will be profitable to farm until the rural home market picks back up and he can sell the lots as demand increases.										

Index # _____

Database # _____ 898

Sale # _____ 5

Sale Photos



ABOVE: Looking southwest from county road

BELOW: Looking southwest from county road



Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.
Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

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ADDENDA

Exhibit 1 - Engagement Letter and Scope of Work

Exhibit 2 - Warranty Deeds & Cadastral Sheets

Exhibit 3 - Access Pairings

Exhibit 4 - FEMA Map & Soil Maps

Exhibit 5 - Qualifications of Appraisers

EXHIBIT 1

FOR DNRC USE ONLY

Maximum amount under this agreement: \$4,500

Source of Funds
Land Banking Private Closing Costs

Fund Name
Land Banking Private Closing Costs

Fund No.
02031

Subclass
555HA

Org. No.
6043-59

Percent
100%

Approved

No. 137320
Amendment No. _____
Division J.G.
F.S.O. JW
Legal THB



DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
TRUST LAND MANAGEMENT DIVISION

APPRAISAL OF POTENTIAL LAND BANKING SALE PARCELS IN BROADWATER COUNTY

1. **PARTIES**

THIS CONTRACT is entered into by and 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, Helena, MT 59620-1601, (406) 444-4165 and Kim C. Colvin, Terra Western Associates, (hereinafter referred to as the "Contractor"), whose address and phone number are P.O. Box 11950, Bozeman, Montana, 59719 and (406) 522-9844, cell (406) 539-4924 and kim@terrawestern.com.

THE PARTIES AGREE AS FOLLOWS:

2. **EFFECTIVE DATE, DURATION, AND RENEWAL**

2.1 Contract Term. This contract shall take effect upon contract execution and terminate on April 1, 2013, unless terminated earlier in accordance with the terms of this contract. (Section 18-4-313, MCA) **The appraisal report is to be completed and forwarded to Montana DNRC, Emily Cooper, and P.O. Box 201601, Helena, MT 59620-1601 by February 28, 2013.**

2.2 Contract Renewal. This contract may, upon mutual agreement between the parties and according to the terms of the existing contract, be renewed in any interval that is advantageous to the State. This contract, including any renewals, may not exceed a total of one year.

3. SERVICES AND/OR SUPPLIES

Contractor agrees to provide to the State the following: The Contractor shall be responsible for providing a credible appraisal, in a summary report format, conducted and prepared in compliance with the current Uniform Standards of Professional Appraisal Practice, for the parcels in Broadwater County, as described in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions.

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 parcel data and the analysis, opinions, and conclusions of value 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.

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

4. CONSIDERATION/PAYMENT

4.1 Payment Schedule. In consideration for the services to be provided, the State shall pay an amount not to exceed Four Thousand Five Hundred and No/100 Dollars (\$4,500.). The Contractor shall submit an invoice with the submission of the appraisal report to the DNRC for payment for services rendered. Payment will be made within thirty (30) days of delivery of services/goods and receipt of a properly executed invoice, as long as the DNRC's review of said services/goods finds them acceptable. If the work submitted fails to meet Contract specifications set out herein, payment will be withheld for the unsatisfactory work. The Contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made. If agreed upon work is not brought to acceptable standards, the Contract Agreement will be terminated for unsatisfactory performance and no payment will be made.

4.2 Withholding of Payment. The State may withhold payments to the Contractor if the Contractor has not performed in accordance with this contract. Such withholding cannot be greater than the additional costs to the State caused by the lack of performance.

5. ACCESS AND RETENTION OF RECORDS

5.1 Access to Records. The Contractor agrees to provide the State, Legislative Auditor or their authorized agents access to any records necessary to determine contract compliance. (Section 18-1-118, MCA)

5.2 Retention Period. The Contractor agrees to create and retain records supporting the a summary appraisal report provided for a period of three years after either the completion date of this contract or the conclusion of any claim, litigation, or exception relating to this contract taken by the State of Montana or a third party.

6. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

The Contractor shall not assign, transfer, or subcontract any portion of this contract without the express written consent of the State. (Section 18-4-141, MCA) The Contractor shall be 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 the Contractor. No contractual relationships exist between any subcontractor and the State.

7. HOLD HARMLESS/INDEMNIFICATION

The Contractor agrees to protect, defend, and save the 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 the 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 the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under this agreement.

8. REQUIRED INSURANCE

8.1 Primary Insurance. The 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 excess of the Contractor's insurance and shall not contribute with it.

8.2 Specific Requirements for Professional Liability. The Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of \$300,000 per occurrence and \$600,000 aggregate per year to cover such claims as may be caused by any act, omission, negligence of the Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: if "occurrence" coverage is unavailable or cost prohibitive, the Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of the 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.

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

8.4 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 Department of Natural Resources and Conservation PO Box 201601, Helena, MT 59620-1601. The Contractor must notify the State immediately, of any material change in insurance coverage, such as changes in limits, coverage's, change in status of policy, etc. The State reserves the right to require complete copies of insurance policies at all times.

9. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with sections 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 the contractor nor its employees are employees of the State. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135, upon expiration.

10. COMPLIANCE WITH LAWS

The Contractor must, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, the Contractor agrees that the hiring of persons to perform the 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 by the persons performing the contract.

11. CONTRACT TERMINATION

11.1 Termination for Cause. The State may, by written notice to the Contractor, terminate this contract in whole or in part at any time the Contractor fails to perform this contract.

11.2 Reduction of Funding. The State must 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. (See section 18-4-313(4), MCA.)

12. LIAISON AND SERVICE OF NOTICES

All project management and coordination on behalf of the State shall 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 pursuant to this contract shall be coordinated between the State's liaison and the Contractor's liaison.

Emily Cooper will be the liaison for the State.

(Address): PO Box 201601
(City, State, ZIP): Helena, MT 59620-1601
Telephone: (406)444-4165
Cell Phone:
Fax: (406)444-2684
E-mail: ecooper@mt.gov

Kim C. Colvin will be the liaison for the Contractor.

(Address): P.O. Box 11950

(City, State, ZIP): Bozeman, MT 59719
Telephone: (406) 522-9844
Cell Phone: (406) 539-4924
Fax:
E-mail: kim@terrawestern.com

The State's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints will first be directed to the liaison.

13. MEETINGS

The Contractor is required to meet with the State's personnel, or designated representatives, to resolve technical or contractual problems that may occur during the term of the contract 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. Meetings will occur as problems arise and will be coordinated by the State. The Contractor will be given a minimum of three full working days notice of meeting date, time, and location. Face-to-face meetings are desired. However, at the 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 to make a good faith effort to resolve problems, may result in termination of the contract.

14. CONTRACTOR PERFORMANCE ASSESSMENTS

The State may do assessments of the Contractor's performance. This contract may be terminated for one or more poor performance assessments. Contractors will have the opportunity to respond to poor performance assessments. The State will make any final decision to terminate this contract based on the assessment and any related information, the Contractor's response and the severity of any negative performance assessment. The Contractor will be notified with a justification of contract termination. Performance assessments may be considered in future solicitations.

15. TRANSITION ASSISTANCE

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

16. CHOICE OF LAW AND VENUE

This contract is governed by the laws of Montana. The parties agree that any litigation concerning this bid, proposal or subsequent 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. (See section 18-1-401, MCA.)

17. SCOPE, AMENDMENT, AND INTERPRETATION

17.1 Contract. This contract consists of 6 numbered pages, Attachment A, Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program, pages 7 & 8; Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions, page 9 through 11. In the case of dispute or ambiguity about the minimum levels of performance by the Contractor the order of precedence of document interpretation is in the same order.

17.2 Entire Agreement. These documents contain the entire agreement of the parties. Any enlargement, alteration or modification requires a written amendment signed by both parties.

18. PUBLIC INFORMATION AND OWNERSHIP OF PRODUCTS

All information resulting from the project funded under this Agreement shall be made available to the public. Upon completion of this Agreement, all information, reports, data, records, documents, and materials pertaining to this Agreement shall be available to the public. The Contractor shall indemnify and hold harmless DNRC from liability for injury caused by the release of any information, reports, data, records, documents, and materials provided by the Contractor. All copyrights, patents, or other royalty rights resulting from the completion of this Agreement or the information, reports, records, data documents, materials, and end products of this Agreement shall be the sole property of the DNRC.

19. EXECUTION

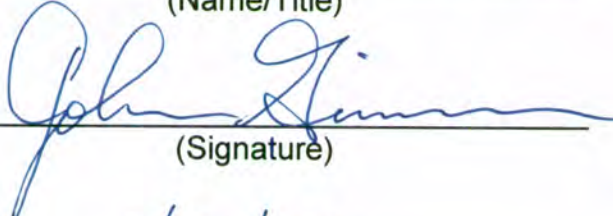
The parties through their authorized agents have executed this contract on the dates set out below.

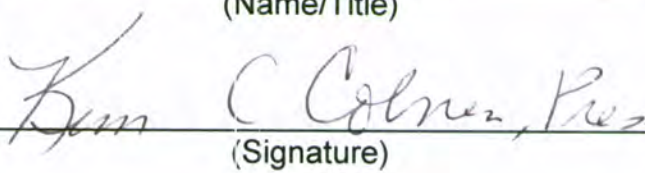
Department of Natural Resources & Conservation
PO Box 201601
Helena, MT, 59620-1601

Kim C. Colvin
Terra Western Associates
P.O. Box 11950
Bozeman, MT 59719
FEDERAL ID # _____

BY: JOHN GRIMM, R.E.M.B. CHIEF
(Name/Title)

BY: Kim C. Colvin, Pres.
(Name/Title)


(Signature)


(Signature)

DATE: 1/2/13

DATE: 1/4/13

ATTACHMENT A

Scope of Work for Appraisals of Potential Property Sales 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 in a Summary Report format, that is, it 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 each 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.

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

ATTACHMENT B

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION Supplemental Appraisal Instructions

Subject Property (Located in Broadwater County):

Sale #	Acres ±	Legal
302	161.63	Lot 4, SW¼NW¼, W½SW¼ Section 4, T2N-R2E
303	160	NE¼, Section 8, T2N-R2E
336	637.84	Lots 1-4, N½, N½S½,, Section 16, T3N-R2E
337	280	SE¼NE¼, NE¼SE¼, S½S½, NW¼SW¼, Section 32, T4N-R2E

Area Office Contact Information:

Gavin Anderson
8001 North Montana Ave.
Helena, MT 59602
Phone: 406/458-3500
Fax: 406/458-3506
Direct Line: 406/458-3502

Lessees:

Lease # 9823 & 9824
MCL Land & Livestock Enterprises
(406) 585-9376

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

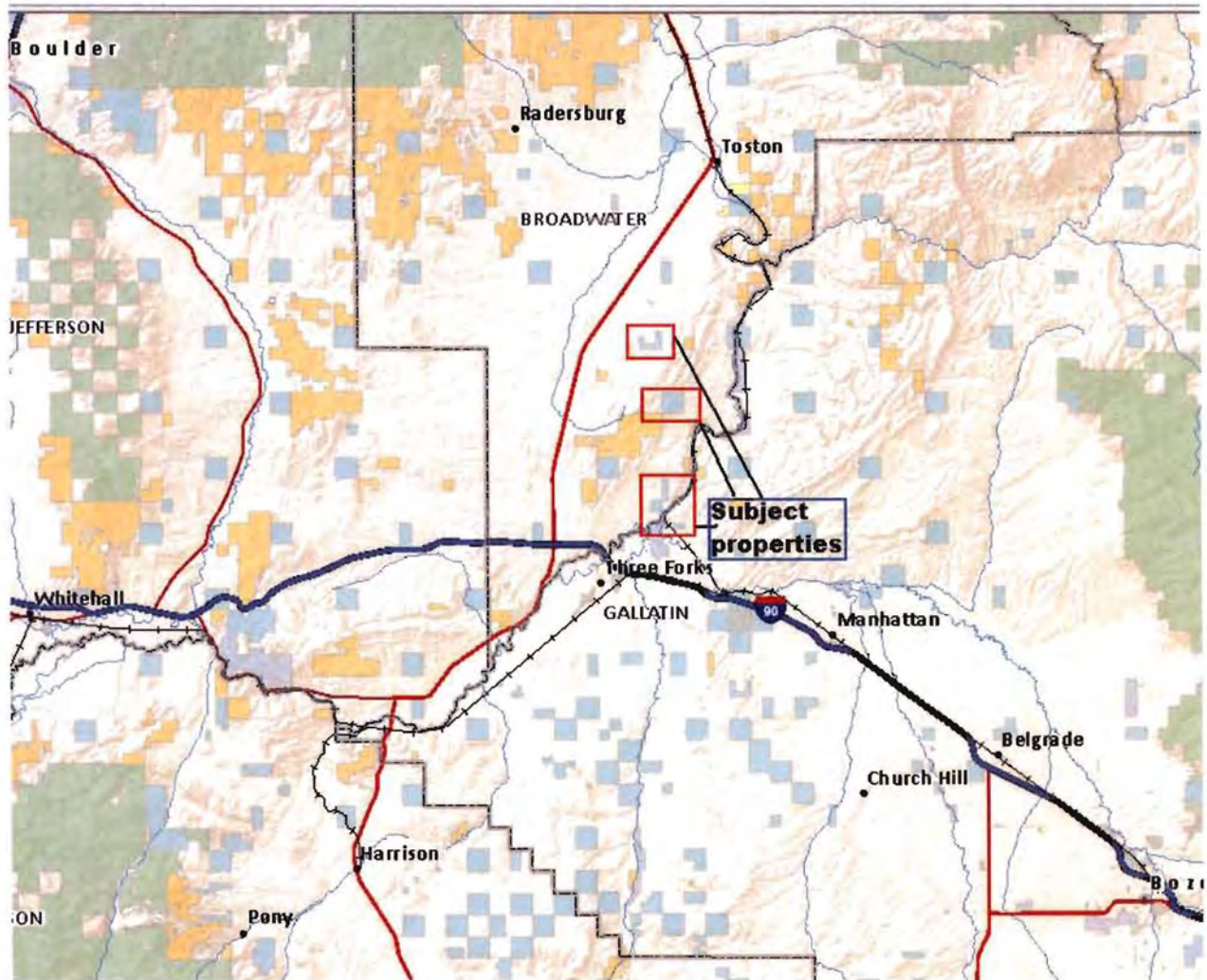
The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the 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 offices, including but not limited to aerial photos, land improvements, current lease data (lease #, name of lessee, , acres, costs, etc.), property issues. The local land office will provide the contact information to the appraiser in order for the appraiser to obtain access to the proponent's property.

Location Map of Parcels

Location Map of Parcel



Land Banking Sales Parcel Maps

Sale 302: Lot 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$ Section 4, T2N-R2E

Sale 303: NE $\frac{1}{4}$, Section 8, T2N-R2E



Sale 336: Lots 1-4, N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, Section 16, T3N-R2E



Sale 337: SE¼NE¼, NE¼SE¼, S½S½, NW¼SW¼, Section 32, T4N-R2E

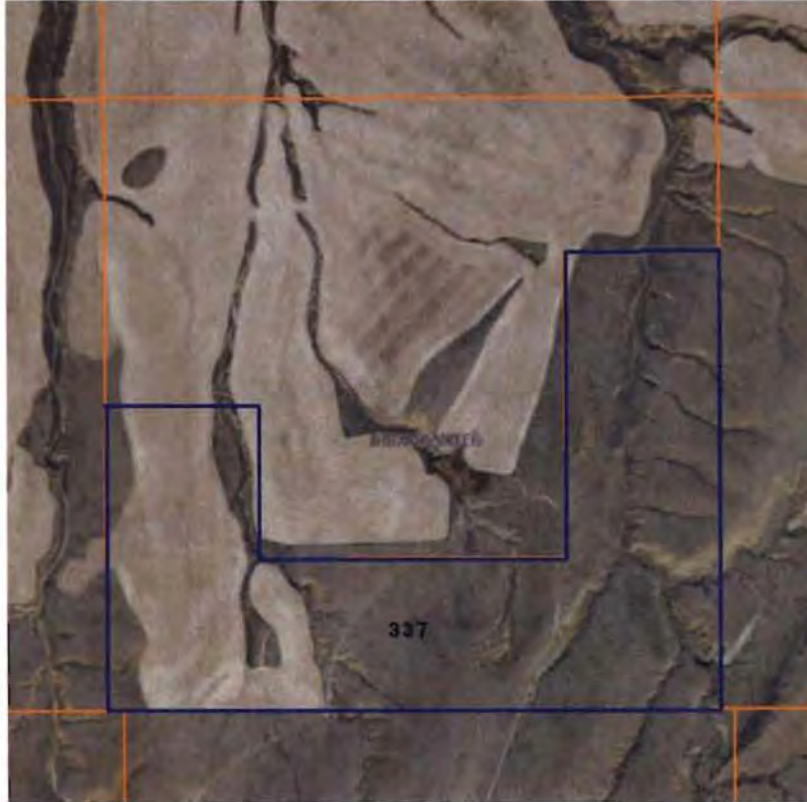


EXHIBIT 2

DEED RECORD No. 30

28669

#27

THIS INDENTURE, Made this 1st day of November in the year of our Lord one thousand nine hundred and twenty-nine BETWEEN Thomas P. Sherlock, Sheriff of the said County of Broadwater, State of Montana, the party of the first part, and The State of Montana, the party of the second part, WITNESSETH:

WHEREAS, In and by a certain judgment or decree, rendered by the DISTRICT Court of the said County of BROADWATER, State of MONTANA on the 13th day of September 1928, and entered on the 13th day of September 1928, in a certain action then pending in said Court, wherein The State of Montana was Plaintiff and Lee Roy Stone; and Violet Stone, his wife Frank R. Sharp, were defendants, and of which said judgment or decree a certified copy was delivered to said party of the first part, as such Sheriff for execution, it was among other things ordered, adjudged and decreed, that all and singular, the mortgaged premises described in the complaint in said action, and specifically described in said judgment or decree, be sold at public auction by the Sheriff of the said County of BROADWATER, in the manner required by law, and according to the course and practice of said court; that such sale be made at public auction at the front door of the Court House in the Town of Townsend County of Broadwater State of Montana. That any of the parties to said action might become the purchasers at such sale, and that said Sheriff execute usual certificate and deeds to the purchaser or purchasers as required by law;

AND WHEREAS, The said Sheriff did, at the hour of 12:00 o'clock M., on the 15th day of October 1928, after due public notice had been given as required by the laws of this State, and the course and practice of said Court, duly sell at public auction, in front of the Court House door in the said County of BROADWATER AGREEABLY TO THE said judgment or decree, and the provisions of law, the premises in the said decree or judgment mentioned, at which sale the premises in said judgment or decree, and hereinafter described were fairly struck off to the said Second Party The State of Montana for the sum of Two Thousand, Four Hundred Sixty-three and 50/100 Dollars lawful money of the United States; the said Second Party, The State of Montana being the highest bidder, and that being the highest sum bidden for the same:

AND WHEREAS, the said Second Party, The State of Montana, thereupon paid to the said Sheriff the said sum of money, so bid by Second Party, The State of Montana.

AND WHEREAS, The ^{said} Sheriff thereupon made and issued the usual certificate in duplicate of the said sale in due form of law and delivered one thereof to the said Second Party, The State of Montana and caused the other to be filed in the office of the County Clerk of said County of Broadwater, Montana.

AND WHEREAS, more than one year has elapsed since the date of said sale, and no redemption has been made of the premises so sold as aforesaid, by or on behalf of the judgment debtor, the said Defendant Lee Roy Stone, an unmarried man, mortgagor, his assigns, legatees or all parties interested of record----- or by or on behalf of any other person-----

NOW, THIS INDENTURE WITNESSETH, That the said party of the first part, the said Thomas P. Sherlock Sheriff, in order to carry into effect the sale so made by him as aforesaid, in pursuance of said judgment or decree and in conformity to the Statute in such case made and provided, and also in consideration of the premises and of the sum of TWO THOUSAND FOUR HUNDRED SIXTY-THREE AND 50/100 Dollars so bidden and paid

BROADWATER COUNTY, MONTANA

the said purchaser the said State of Montana the said party of the second part whereof is hereby acknowledged, hath granted, bargained, sold and conveyed these presents, doth grant, bargain, sell and convey unto the said party of the second part to its assigns, forever, all that certain lot, piece or parcel of land, situate being in the said County of BROADWATER State of Montana, and bounded and partly described as follows, to-wit:

The Northwest Quarter of the Southwest Quarter (NW $\frac{1}{4}$ SW $\frac{1}{4}$), the South Half of the Southwest Quarter, (S $\frac{1}{2}$ SW $\frac{1}{4}$), the South Half of the Southeast Quarter (S $\frac{1}{2}$ SE $\frac{1}{4}$) The Northeast Quarter of the Southeast Quarter (NE $\frac{1}{4}$ SE $\frac{1}{4}$) and the Southeast Quarter of the Northeast Quarter (SE $\frac{1}{4}$ NE $\frac{1}{4}$) of Section Thirty-two (32) in Township Four (4) North of Range Two (2) East of the Montana Meridian containing (280) acres, more or less, according to the Government survey thereof;

TOGETHER with all and singular the tenements, hereditaments, and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issued and profits thereof.

TO HAVE AND TO HOLD, all and singular the premises above mentioned and described, and hereby conveyed, or intended so to be, together with the appurtenances, unto said party of the second part, its assigns, forever.

IN WITNESS WHEREOF, the said party of the first part to these presents, Sheriff as aforesaid, hath hereunto set his hand and seal the day and year first above written.

Witness of Signature:

T. T. McCormick

Thomas P. Sherlock

(Seal

Sheriff of the said County of Broadwater, State of Montana.

STATE OF MONTANA,
County of BROADWATER } ss.

On this 1st. day of November, one thousand nine hundred and TWENTY-NINE before me P. H. Muroby, a Notary Public in and for the State of Montana, personally appeared THOMAS P. SHERLOCK Sheriff of the said County of BROADWATER, State of Montana, personally known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he, as such Sheriff aforesaid, executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first above written.

(NOTARIAL SEAL)

P. H. Muroby
Notary Public for the State of Montana.
Residing at Townsend, Mont.
My Commission expires Jan. 11th 1931

Filed for record on the 6th day of November A. D. 1929 at 9:05 o'clock A.M.

Alice Brittenden
County Recorder

Property: **State of Montana - Broadwater County property sale #337**

Sec.	Twp.	Rng.	Legal Description	Total Acres	Irr. Crop	Dry Crop	Hayland	Market	Forest	Native Range	Farmsite
32	4N	2E	SE4NE4, NW4NW4, S2S2, NE4SE4	280.000		61.490				218.510	
			Total	280.000		61.490				218.510	

Grazing Allotment	Acres	AUMs	Ac/AUM
BLM			
BLM			
State of Montana			
Total	0	0	

Property Record Card

Summary

Primary Information

Property Category: RP
Geocode: 43-1299-32-1-04-01-0000
Primary Owner:
 STATE OF MONTANA
 PO BOX 1128
 TOWNSEND, MT 59644-1128
NOTE: See the Owner tab for all owner information
Subcategory: Real Property
Assessment Code: 0001309001
PropertyAddress:
COS Parcel:

Certificate of Survey:

Subdivision:

Legal Description:

S32, T04 N, R02 E, SENE;NWSW;S2S2;NESE

Last Modified: 1/24/2013 12:14:31 AM

General Property Information

Neighborhood: 001
Property Type: EP - Exempt Property
Living Units: 0
Levy District: 43-4050-13
Zoning:
Ownership %: 100
Linked Property:

No linked properties exist for this property

Exemptions:

No exemptions exist for this property

Condo Ownership:

General: 0
Limited: 0

Property Factors

Topography: 8
Fronting: 0 - None
Utilities: 0
Parking Type:
Access: 0
Parking Quantity:
Location: 0 - Rural Land
Parking Proximity:

Land Summary

<u>Land Type</u>	<u>Acres</u>	<u>Value</u>
Grazing	218.510	00.00
Fallow	61.490	00.00
Irrigated	0.000	00.00
Continuous Crop	0.000	00.00
Wild Hay	0.000	00.00
Farmsite	0.000	00.00
ROW	0.000	00.00
NonQual Land	0.000	00.00
Total Ag Land	280.000	00.00
Total Forest Land	0.000	00.00
Total Market Land	0.000	00.00

Deed Information:

Deed Date	Book	Page	Recorded Date	Document Number	Document Type
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Owners

Party #1

Default Information: STATE OF MONTANA

PO BOX 1128

Ownership %: 100**Primary Owner:** "Yes"**Interest Type:** Conversion**Last Modified:** 12/6/2007 11:57:08 PM

Other Names

Other Addresses

Name

Type

Appraisals**Appraisal History**

Tax Year	Land Value	Building Value	Total Value	Method
2012	20542	0	20542	COST
2011	20542	0	20542	COST

Market Land**Market Land Info**

No market land info exists for this parcel

Dwellings**Existing Dwellings**

No dwellings exist for this parcel

Other Buildings/Improvements

Outbuilding/Yard Improvements

No other buildings or yard improvements exist for this parcel

Commercial**Existing Commercial Buildings**

No commercial buildings exist for this parcel

Ag/Forest Land

Ag/Forest Land Item #1

Acre Type: F - Summer Fallow**Class Code:** 1451

Productivity

Quantity: 1.533**Units:** Bushels/Acre**Irrigation Type:****Timber Zone:****Commodity:** Spring Wheat

Valuation

Acres: 10.509**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #2

Acre Type: F - Summer Fallow**Irrigation Type:****Class Code:** 1451**Timber Zone:**

Productivity

Quantity: 21.544**Commodity:** Spring Wheat**Units:** Bushels/Acre

Valuation

Acres: 21.525**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #3

Acre Type: F - Summer Fallow**Irrigation Type:****Class Code:** 1451**Timber Zone:**

Productivity

Quantity: 30.099**Commodity:** Spring Wheat**Units:** Bushels/Acre

Valuation

Acres: 25.701**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #4

Acre Type: F - Summer Fallow**Irrigation Type:****Class Code:** 1451**Timber Zone:**

Productivity

Quantity: 34.83**Commodity:** Spring Wheat**Units:** Bushels/Acre

Valuation

Acres: 3.755**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #5

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.195**Commodity:** Grazing Fee**Units:** AUM/Acre

Valuation

Acres: 204.012**Per Acre Value:** 0**Value:** 0

Ag/Forest Land Item #6

Acre Type: G - Grazing**Irrigation Type:****Class Code:** 1651**Timber Zone:**

Productivity

Quantity: 0.306**Units:** AUM/Acre

Valuation

Acres: 11.798**Value:** 0

Ag/Forest Land Item #7

Acre Type: G - Grazing**Class Code:** 1651

Productivity

Quantity: 0.332**Units:** AUM/Acre

Valuation

Acres: 2.7**Value:** 0**Commodity:** Grazing Fee**Per Acre Value:** 0**Irrigation Type:****Timber Zone:****Commodity:** Grazing Fee**Per Acre Value:** 0



EXHIBIT 3

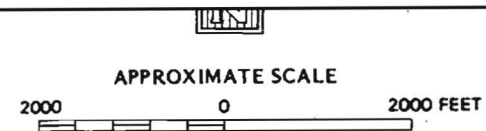
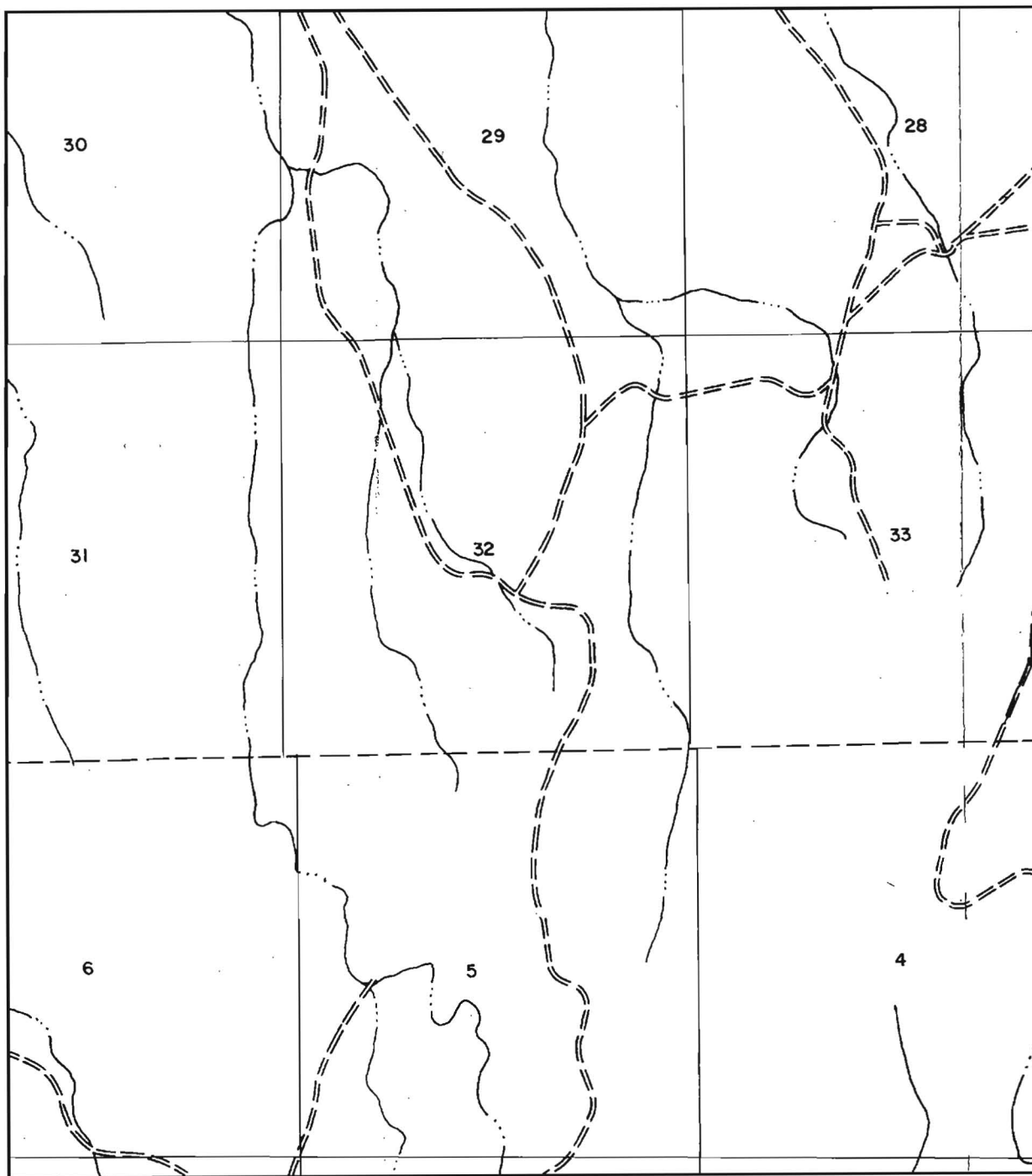
MARKET DATA ACCESS PAIRINGS								
Database #	Sale Date	Seller/Buyer	County	Sale Price	Deeded Acres	Access	Land Value Per Acre	Value Difference
JE-01-29	Sep-01	MT Tunnels/ Wallace	Jefferson	\$13,900	16.56	Phy/ No Legal	\$839	45.8%
JE-01-118	Sep-01	Bergsma/ Glanschneg	Jefferson	\$31,000	20	Gravel	\$1,549	
JE-01-29	Sep-01	MT Tunnels/ Wallace	Jefferson	\$13,900	16.56	Phy/ No Legal	\$839	65.8%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-01-29	Sep-01	MT Tunnels/ Wallace	Jefferson	\$13,900	16.56	Phy/ No Legal	\$839	49.1%
JE-01-117	Aug-01	Taylor/ Burrows	Jefferson	\$33,000	20.01	Gravel	\$1,649	
JE-01-31	Nov-01	MT Tunnels/ Pfister	Jefferson	\$26,200	17.50	Phy/ No Legal	\$1,497	38.9%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-01-30	Nov-01	MT Tunnels/ Counts	Jefferson	\$17,468	20.66	Phy/ No Legal	\$845	65.5%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-01-30	Nov-01	MT Tunnels/ Counts	Jefferson	\$17,468	20.66	Phy/ No Legal	\$845	45.4%
JE-01-118	Sep-01	Bergsma/ Glanschneg	Jefferson	\$31,000	20	Gravel	\$1,549	
JE-01-30	Nov-01	MT Tunnels/ Counts	Jefferson	\$17,468	20.66	Phy/ No Legal	\$845	48.7%
JE-01-117	Aug-01	Taylor/ Burrows	Jefferson	\$33,000	20.01	Gravel	\$1,649	
JE-02-1	Dec-01	MT Tunnels/ Conts	Jefferson	\$25,332	20.60	Phy/ No Legal	\$1,230	49.8%
JE-02-74	May-02	Brooks/ Brewster	Jefferson	\$57,500	23.46	Private	\$2,451	
JE-03-103	Sep-03	Y.T. Timber/ Adamson	Jefferson	\$278,000	505.58	Phy/No Legal	\$550	8.4%
JE-02-153	Sep-02	Y.T. Timber/ Palmer	Jefferson	\$178,200	297.00	FS Road	\$600	
JE-05-37	Aug-05	Blixseth/ Highland	Jefferson	\$150,000	384.82	Phy/No Legal	\$390	35.0%
JE-02-153	Sep-02	Y.T. Timber/ Palmer	Jefferson	\$178,200	297.00	FS Road	\$600	
JE-05-37	Aug-05	Blixseth/ Highland	Jefferson	\$150,000	384.82	Phy/No Legal	\$390	75.6%
JE-99-11	Oct-99	Highland/ Eagle Stud	Jefferson	\$486,500	540.00	Gravel	\$1,596	
HB-109	Jan-06		Jefferson	\$49,015	61.81	None	\$793	
HB-108			Broadwater	\$275,018	75.93	Cnty Rd	\$3,622	
HB-109	Jan-06		Jefferson	\$49,015	61.81	None	\$793	72.9%
HB-107	Apr-04		Jefferson	\$775,000	264.67	Cnty Rd	\$2,928	

TA

MARKET DATA ACCESS PAIRINGS								
Database #	Sale Date	Seller/Buyer	County	Sale Price	Deeded Acres	Access	Land Value Per Acre	Value Difference
	Jan-99	Corbett/Connly	Lewis&Clark	\$401,000	2,088	prescriptive	\$192	49.5%
	Oct-97	Dipper J/ Broadmarkle	Lewis&Clark	\$1,200,000	3,520	private	\$380	
*LC-99-34	Sep-99	Warren/Rice	Lewis&Clark	\$60,000	20.64	Phy/ No Legal	\$2,907	22.0%
LC-99-57	Oct-99	Mitchell/	Lewis&Clark	\$74,500	20.00	Cnty gravel	\$3,725	
LC-98-27	Jun-98	Baitis/	Lewis&Clark	\$26,500	20.00	Seasonal	\$1,325	32.9%
LC-98-95	Apr-98	Retz- Realtor	Lewis&Clark	\$39,500	20.00	Legal- RR	\$1,975	
GA-00-16	Aug-00	Big Sky Lmb/ Wytana	Gallatin	\$1,654,300	1,139	None	\$1,452	62.8%
GA-00-14	Sep-00	McDougal/ Tomasko	Gallatin	\$2,500,000	640	Seasonal	\$3,906	
	Jun-10	Hahola	Gallatin	\$400,000	159.87	None	\$2,502	37.4%
				\$640,000	160.00		\$4,000	
	Aug-09	Skogan	Gallatin	\$450,000	160.00	Seasonal	\$2,813	29.7%
				\$640,000	160.00		\$4,000	

46.4%

EXHIBIT 4



NATIONAL FLOOD INSURANCE PROGRAM

FHBM
FLOOD HAZARD BOUNDARY MAP
**BROADWATER
COUNTY,
MONTANA**
UNINCORPORATED AREA

PANEL 15 OF 16
(SEE MAP INDEX FOR PANELS NOT PRINTED)

CONVERTED BY LETTER
EFFECTIVE 12/186

COMMUNITY-PANEL NUMBER
300145 0015 A

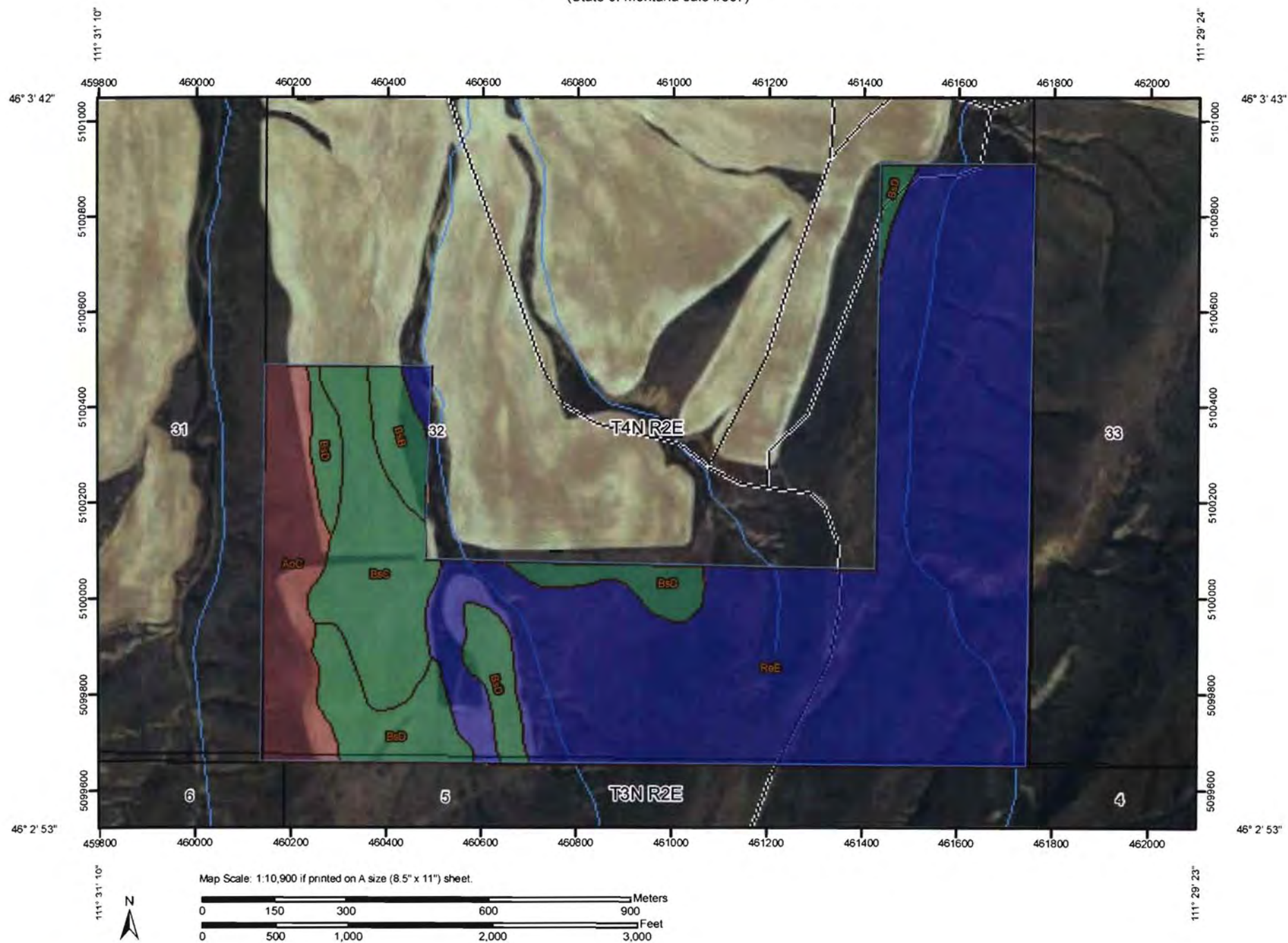
EFFECTIVE DATE:
FEBRUARY 9, 1982



federal emergency management agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov


Soil Taxonomy Classification—Broadwater County Area, Montana
(State of Montana sale #337)




Soil Taxonomy Classification—Broadwater County Area, Montana
(State of Montana sale #337)

MAP LEGEND





Area of Interest (AOI)

 Area of Interest (AOI)




Soils

 Soil Map Units


Soil Ratings

-  Coarse-loamy, mixed, superactive Borolic Calciorthids
-  Coarse-silty, mixed Borolic Calciorthids
-  Loamy-skeletal, mixed Borolic Lithic Calciorthids
-  Not rated or not available

Political Features

-  Cities
-  PLSS Township and Range
-  PLSS Section

Water Features

-  Streams and Canals

Transportation

-  Rails
-  Interstate Highways
-  US Routes
-  Major Roads
-  Local Roads

MAP INFORMATION

Map Scale: 1:10,900 if printed on A size (8.5" x 11") sheet.

The soil surveys that comprise your AOI were mapped at 1:24,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for accurate map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL: <http://websoilsurvey.nrcs.usda.gov>
Coordinate System: UTM Zone 12N NAD83

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Broadwater County Area, Montana
Survey Area Data: Version 11, Jan 5, 2012

Date(s) aerial images were photographed: 8/15/2005, 8/6/2005

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.



Natural Resources
Conservation Service

Web Soil Survey
National Cooperative Soil Survey

1/27/2013
Page 2 of 5

Soil Taxonomy Classification

Soil Taxonomy Classification— Summary by Map Unit — Broadwater County Area, Montana (MT609)				
Map unit symbol	Map unit name	Rating	Acres in AOI	Percent of AOI
AoC	Amesha loam, 4 to 9 percent slopes	Coarse-loamy, mixed, superactive Borollic Calciorthids	23.4	8.7%
BsB	Brocko silt loam, 2 to 5 percent slopes	Coarse-silty, mixed Borollic Calciorthids	6.6	2.5%
BsC	Brocko silt loam, 5 to 9 percent slopes	Coarse-silty, mixed Borollic Calciorthids	26.4	9.8%
BsD	Brocko silt loam, 9 to 25 percent slopes	Coarse-silty, mixed Borollic Calciorthids	30.7	11.4%
ReE	Rencot channery loam, 15 to 35 percent slopes	Loamy-skeletal, mixed Borollic Lithic Calciorthids	181.6	67.6%
Totals for Area of Interest			268.7	100.0%

Description

This rating presents the taxonomic classification based on Soil Taxonomy.

The system of soil classification used by the National Cooperative Soil Survey has six categories (Soil Survey Staff, 1999 and 2003). Beginning with the broadest, these categories are the order, suborder, great group, subgroup, family, and series. Classification is based on soil properties observed in the field or inferred from those observations or from laboratory measurements. This table shows the classification of the soils in the survey area. The categories are defined in the following paragraphs.

ORDER. Twelve soil orders are recognized. The differences among orders reflect the dominant soil-forming processes and the degree of soil formation. Each order is identified by a word ending in sol. An example is Alfisols.

SUBORDER. Each order is divided into suborders primarily on the basis of properties that influence soil genesis and are important to plant growth or properties that reflect the most important variables within the orders. The last syllable in the name of a suborder indicates the order. An example is Udalfs (Ud, meaning humid, plus alfs, from Alfisols).

GREAT GROUP. Each suborder is divided into great groups on the basis of close similarities in kind, arrangement, and degree of development of pedogenic horizons; soil moisture and temperature regimes; type of saturation; and base status. Each great group is identified by the name of a suborder and by a prefix that indicates a property of the soil. An example is Hapludalfs (Hapl, meaning minimal horizonation, plus udalfs, the suborder of the Alfisols that has a udic moisture regime).

SUBGROUP. Each great group has a typic subgroup. Other subgroups are intergrades or extragrades. The typic subgroup is the central concept of the great group; it is not necessarily the most extensive. Intergrades are transitions to other orders, suborders, or great groups. Extragrades have some properties that are not representative of the great group but do not indicate transitions to any other taxonomic class. Each subgroup is identified by one or more adjectives preceding the name of the great group. The adjective Typic identifies the subgroup that typifies the great group. An example is Typic Hapludalfs.

FAMILY. Families are established within a subgroup on the basis of physical and chemical properties and other characteristics that affect management. Generally, the properties are those of horizons below plow depth where there is much biological activity. Among the properties and characteristics considered are particle-size class, mineralogy class, cation-exchange activity class, soil temperature regime, soil depth, and reaction class. A family name consists of the name of a subgroup preceded by terms that indicate soil properties. An example is fine-loamy, mixed, active, mesic Typic Hapludalfs.

SERIES. The series consists of soils within a family that have horizons similar in color, texture, structure, reaction, consistence, mineral and chemical composition, and arrangement in the profile.

References:

Soil Survey Staff. 1999. Soil taxonomy: A basic system of soil classification for making and interpreting soil surveys. 2nd edition. Natural Resources Conservation Service. U.S. Department of Agriculture Handbook 436.

Soil Survey Staff. 2006. Keys to soil taxonomy. 10th edition. U.S. Department of Agriculture, Natural Resources Conservation Service. (The soils in a given survey area may have been classified according to earlier editions of this publication.)

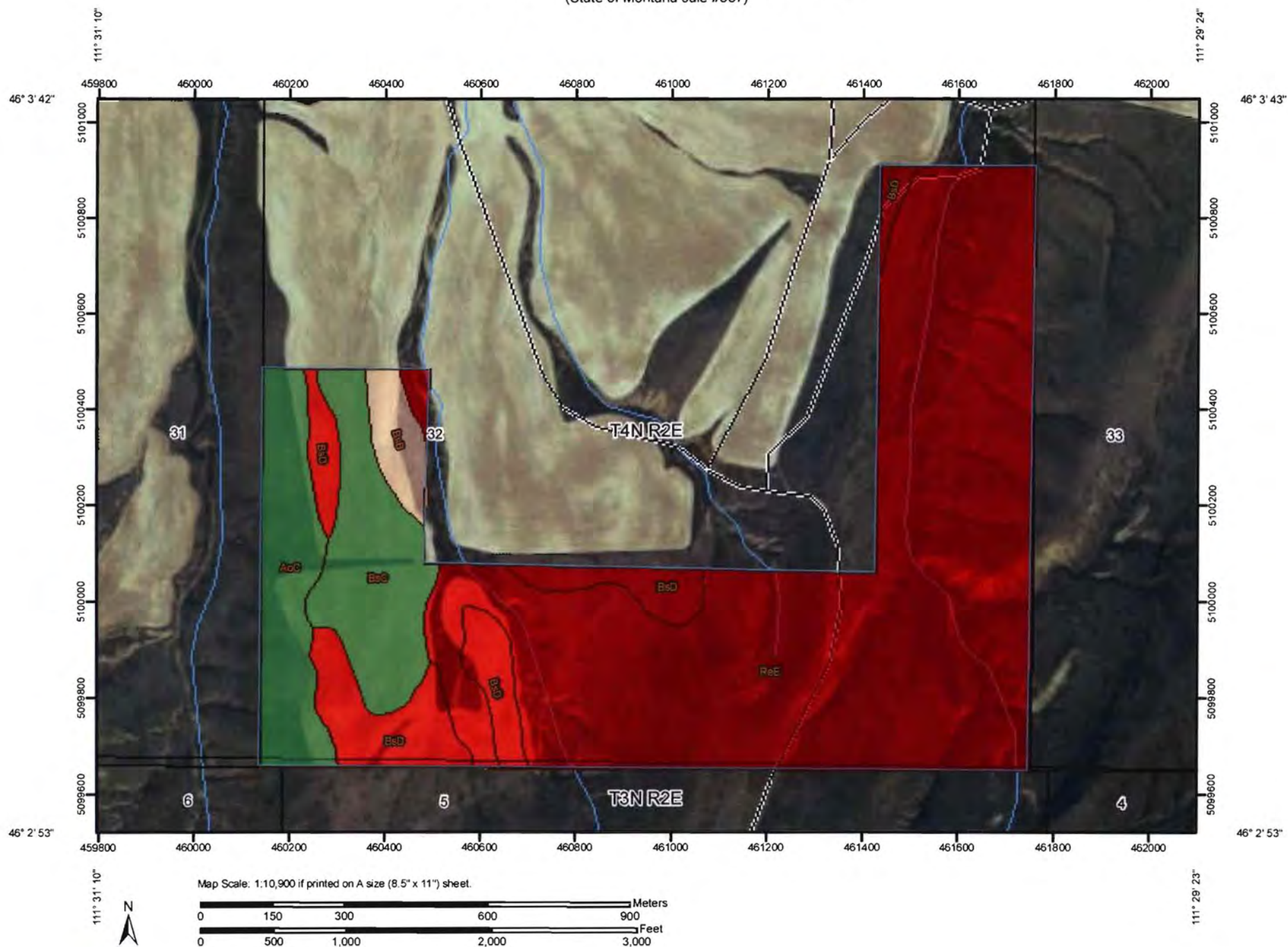
Rating Options

Aggregation Method: Dominant Condition

Component Percent Cutoff: None Specified

Tie-break Rule: Lower

Farmland Classification—Broadwater County Area, Montana
(State of Montana sale #337)



Farmland Classification—Broadwater County Area, Montana
(State of Montana sale #337)

MAP LEGEND

Area of Interest (AOI)

Area of Interest (AOI)

Soils

Soil Map Units

Soil Ratings

- Not prime farmland
- All areas are prime farmland
- Prime farmland if drained
- Prime farmland if protected from flooding or not frequently flooded during the growing season
- Prime farmland if irrigated
- Prime farmland if drained and either protected from flooding or not frequently flooded during the growing season
- Prime farmland if irrigated and drained
- Prime farmland if irrigated and either protected from flooding or not frequently flooded during the growing season

- Prime farmland if subsoiled, completely removing the root inhibiting soil layer
- Prime farmland if irrigated and the product of I (soil erodibility) x C (climate factor) does not exceed 60
- Prime farmland if irrigated and reclaimed of excess salts and sodium
- Farmland of statewide importance
- Farmland of local importance
- Farmland of unique importance
- Not rated or not available

Political Features

- Cities
- PLSS Township and Range
- PLSS Section

Water Features

Streams and Canals

Transportation

Rails

- Interstate Highways
- US Routes
- Major Roads
- Local Roads

MAP INFORMATION

Map Scale: 1:10,900 if printed on A size (8.5" x 11") sheet

The soil surveys that comprise your AOI were mapped at 1:24,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for accurate map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL: <http://websoilsurvey.nrcs.usda.gov>
Coordinate System: UTM Zone 12N NAD83

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Broadwater County Area, Montana
Survey Area Data: Version 11, Jan 5, 2012

Date(s) aerial images were photographed: 8/15/2005; 8/6/2005

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.



Natural Resources
Conservation Service

Web Soil Survey
National Cooperative Soil Survey

1/27/2013
Page 2 of 3

Farmland Classification

Farmland Classification— Summary by Map Unit — Broadwater County Area, Montana (MT609)				
Map unit symbol	Map unit name	Rating	Acres in AOI	Percent of AOI
AoC	Amesha loam, 4 to 9 percent slopes	Farmland of statewide importance	23.4	8.7%
BsB	Brocko silt loam, 2 to 5 percent slopes	Prime farmland if irrigated	6.6	2.5%
BsC	Brocko silt loam, 5 to 9 percent slopes	Farmland of statewide importance	26.4	9.8%
BsD	Brocko silt loam, 9 to 25 percent slopes	Not prime farmland	30.7	11.4%
ReE	Rencot channery loam, 15 to 35 percent slopes	Not prime farmland	181.6	67.6%
Totals for Area of Interest			268.7	100.0%

Description

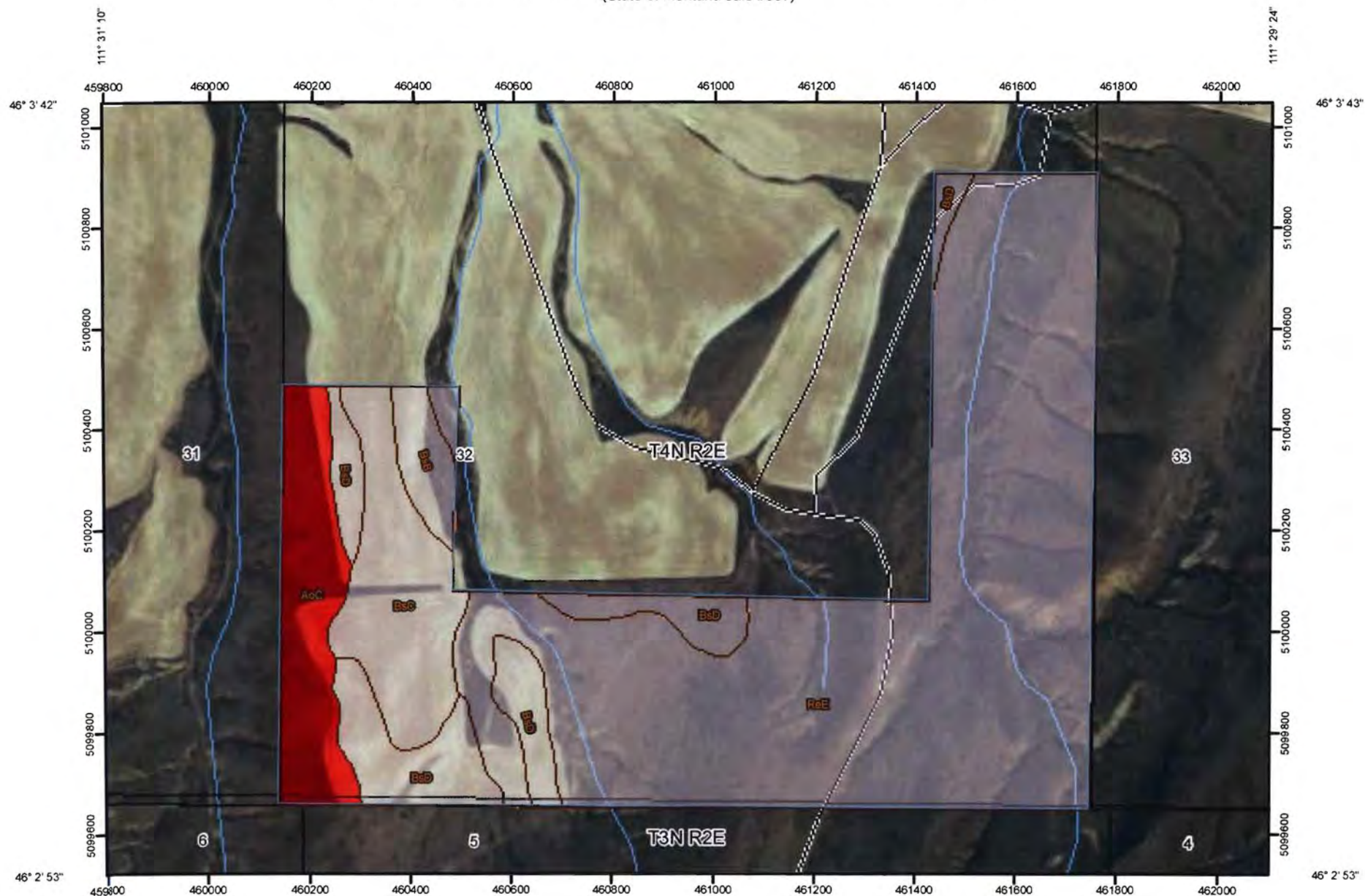
Farmland classification identifies map units as prime farmland, farmland of statewide importance, farmland of local importance, or unique farmland. It identifies the location and extent of the soils that are best suited to food, feed, fiber, forage, and oilseed crops. NRCS policy and procedures on prime and unique farmlands are published in the "Federal Register," Vol. 43, No. 21, January 31, 1978.

Rating Options

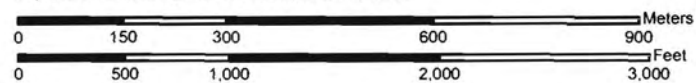
Aggregation Method: No Aggregation Necessary

Tie-break Rule: Lower

Yields of Non-Irrigated Crops (Component): Alfalfa hay (Tons)—Broadwater County Area, Montana
(State of Montana sale #337)




Map Scale: 1:10,900 if printed on A size (8.5" x 11") sheet.



Yields of Non-Irrigated Crops (Component). Alfalfa hay (Tons)-Broadwater County Area, Montana
(State of Montana sale #337)

MAP LEGEND

Area of Interest (AOI)


 Area of Interest (AOI)

Soils

 Soil Map Units


Soil Ratings


 <= 0.34

 Not rated or not available


Political Features

 Cities

 PLSS Township and Range


 PLSS Section


Water Features

 Streams and Canals


Transportation

 Rails

 Interstate Highways

 US Routes

 Major Roads

 Local Roads

MAP INFORMATION

Map Scale: 1:10,900 if printed on A size (8.5" x 11") sheet.

The soil surveys that comprise your AOI were mapped at 1:24,000.

Warning: Soil Map may not be valid at this scale.

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Please rely on the bar scale on each map sheet for accurate map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL: <http://websoilsurvey.nrcs.usda.gov>
Coordinate System: UTM Zone 12N NAD83

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Broadwater County Area, Montana
Survey Area Data: Version 11, Jan 5, 2012

Date(s) aerial images were photographed: 8/15/2005; 8/6/2005

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Natural Resources
Conservation Service

Web Soil Survey
National Cooperative Soil Survey

1/27/2013
Page 2 of 4

Yields of Non-Irrigated Crops (Component): Alfalfa hay (Tons)

Yields of Non-Irrigated Crops (Component): Alfalfa hay (Tons)— Summary by Map Unit — Broadwater County Area, Montana (MT609)				
Map unit symbol	Map unit name	Rating	Acres in AOI	Percent of AOI
AoC	Amesha loam, 4 to 9 percent slopes	0.34	23.4	8.7%
BsB	Brocko silt loam, 2 to 5 percent slopes		6.6	2.5%
BsC	Brocko silt loam, 5 to 9 percent slopes		26.4	9.8%
BsD	Brocko silt loam, 9 to 25 percent slopes		30.7	11.4%
ReE	Rencot channery loam, 15 to 35 percent slopes		181.6	67.6%
Totals for Area of Interest			268.7	100.0%

Description

These are the estimated average yields per acre that can be expected of selected nonirrigated crops under a high level of management. In any given year, yields may be higher or lower than those indicated because of variations in rainfall and other climatic factors.

In the database, some states maintain crop yield data by individual map unit component and others maintain the data at the map unit level. Attributes are included in this application for both, although only one or the other is likely to contain data for any given geographic area. This attribute uses data maintained at the map unit component level.

The yields are actually recorded as three separate values in the database. A low value and a high value indicate the range for the soil component. A "representative" value indicates the expected value for the component. For these yields, only the representative value is used.

The yields are based mainly on the experience and records of farmers, conservationists, and extension agents. Available yield data from nearby areas and results of field trials and demonstrations also are considered.

The management needed to obtain the indicated yields of the various crops depends on the kind of soil and the crop. Management can include drainage, erosion control, and protection from flooding; the proper planting and seeding rates; suitable high-yielding crop varieties; appropriate and timely tillage; control of weeds, plant diseases, and harmful insects; favorable soil reaction and optimum levels of nitrogen, phosphorus, potassium, and trace elements for each crop; effective use of crop residue, barnyard manure, and green manure crops; and harvesting that ensures the smallest possible loss.

The estimated yields reflect the productive capacity of each soil for the selected crop. Yields are likely to increase as new production technology is developed. The productivity of a given soil compared with that of other soils, however, is not likely to change.

Rating Options

Crop: Alfalfa hay

Yield Units: Tons

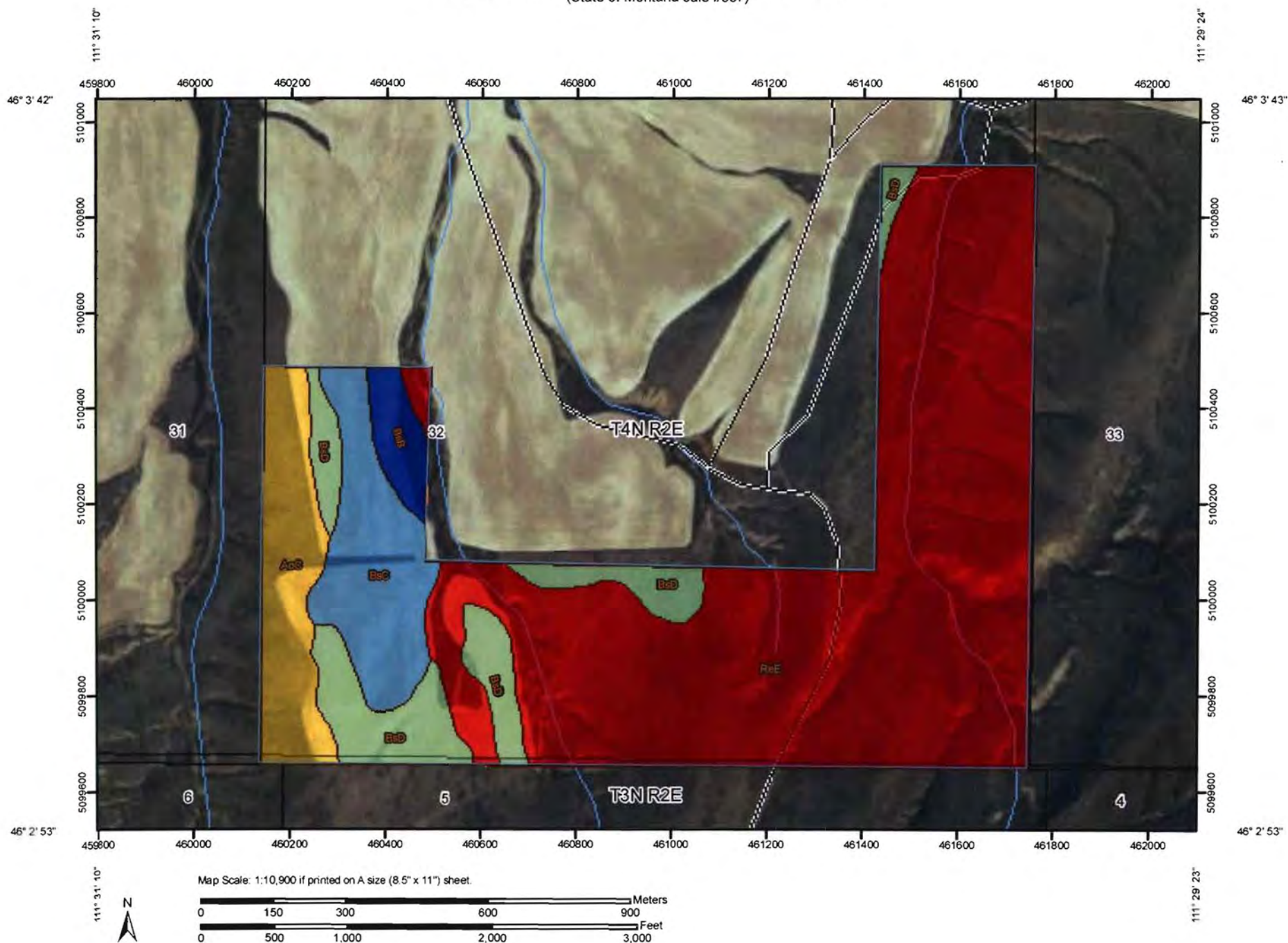
Aggregation Method: Weighted Average

Component Percent Cutoff: None Specified

Tie-break Rule: Higher

Interpret Nulls as Zero: Yes

Range Production (Normal Year)—Broadwater County Area, Montana
(State of Montana sale #337)



Range Production (Normal Year)—Broadwater County Area, Montana
(State of Montana sale #337)

MAP LEGEND

- Area of Interest (AOI)**
-  Area of Interest (AOI)
- Soils**
-  Soil Map Units
- Soil Ratings**
-  ≤ 820
 -  > 820 AND ≤ 1185
 -  > 1185 AND ≤ 1340
 -  > 1340 AND ≤ 1380
 -  > 1380 AND ≤ 1455
 -  Not rated or not available
- Political Features**
-  Cities
 -  PLSS Township and Range
 -  PLSS Section
- Water Features**
-  Streams and Canals
- Transportation**
-  Rails
 -  Interstate Highways
 -  US Routes
 -  Major Roads
 -  Local Roads

MAP INFORMATION

Map Scale: 1:10,900 if printed on A size (8.5" × 11") sheet.

The soil surveys that comprise your AOI were mapped at 1:24,000.

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Please rely on the bar scale on each map sheet for accurate map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL: <http://websoilsurvey.nrcs.usda.gov>
Coordinate System: UTM Zone 12N NAD83

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Broadwater County Area, Montana
Survey Area Data: Version 11, Jan 5, 2012

Date(s) aerial images were photographed: 8/15/2005, 8/6/2005

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Range Production (Normal Year)

Range Production (Normal Year)— Summary by Map Unit — Broadwater County Area, Montana (MT609)				
Map unit symbol	Map unit name	Rating (pounds per acre per year)	Acres in AOI	Percent of AOI
AoC	Amesha loam, 4 to 9 percent slopes	1185	23.4	8.7%
BsB	Brocko silt loam, 2 to 5 percent slopes	1455	6.6	2.5%
BsC	Brocko silt loam, 5 to 9 percent slopes	1360	26.4	9.8%
BsD	Brocko silt loam, 9 to 25 percent slopes	1340	30.7	11.4%
ReE	Rencot channery loam, 15 to 35 percent slopes	820	181.6	67.6%
Totals for Area of Interest			268.7	100.0%

Description

Total range production is the amount of vegetation that can be expected to grow annually in a well managed area that is supporting the potential natural plant community. It includes all vegetation, whether or not it is palatable to grazing animals. It includes the current year's growth of leaves, twigs, and fruits of woody plants. It does not include the increase in stem diameter of trees and shrubs. It is expressed in pounds per acre of air-dry vegetation. In a normal year, growing conditions are about average. Yields are adjusted to a common percent of air-dry moisture content.

In areas that have similar climate and topography, differences in the kind and amount of vegetation produced on rangeland are closely related to the kind of soil. Effective management is based on the relationship between the soils and vegetation and water.

Rating Options

Units of Measure: pounds per acre per year

Aggregation Method: Weighted Average

Component Percent Cutoff: None Specified

Tie-break Rule: Higher

Interpret Nulls as Zero: Yes

EXHIBIT 5

KATHLEEN RICKETT, ARA

P.O. Box 691

Belgrade, MT 59714

406/388-0570 Office 406/388-0573 Fax 406/570-4450 Cell

Montana Certified General Appraiser # 650

Accredited Rural Appraiser (ARA) & Member of ASFMRA Accredited #1664

Katie@terrawestern.com



EDUCATION

Colorado State University, Fort Collins, Colorado

Bachelor of Science Degree: Equine Science (Science Concentration) 1996

University of Colorado at Boulder Continuing Education, Boulder, Colorado

Registered Real Estate Appraiser.

*NCRE 200-411 Registered Appraiser (40 hours) 1998 *NCRE 201-411 Basic Appraisal Applications (24 hours) 1998 *NCRE 208-411 Standards and Ethics (16 hours) 1998

American Society of Farm Managers and Rural Appraisers (ASFMRA):

* A-10, 6/20-26/1999, Austin, TX (40 Hours) * A-20, 8/23-28/1999, St. Cloud, MN (44 Hours) * A-12, 1/14-15/00, Billings, MT (16 Hours) * ALL215, 9/7-9/00, Manhattan Beach, CA (30 Hours) * A-12 Part 1 ASFMRA Ethics & Part 3- USPAP (7 Hours); 2/4-5/03 * ASFMRA- Federal Land Exchange & Acquisitions Course 4/7-9/03 (20 Hours) * A-25, 4/27-29/04, Boise, Idaho (20 Hours) * A-29, 4/30- 5/1/04, Boise, Idaho (15 Hours) * ASFMRA- Timber & Timberland Valuation, 1/31/05, Portland, OR (8 Hours) * UASFLA- "Yellow Book", 2/1/05, Portland, OR (8 Hours) * ASFMRA- Appraising Agricultural Land in Transition, 2/28-3/1/06 (12 Hours) * A-27- Income Capitalization, Indianapolis, IN, 3/15-18/06 (28 Hours) * A-114, USPAP Course, 10/27/06, Great Falls, MT (7 Hours) * A-30, 6/3-9/07, Denver, CO. (47.5 Hours) * Valuation of Conservation Easements, 1/ 14-18/08, ASFMRA & AI (33 Hours) * A-114, 7 Hour USPAP Update Course, 2/6/08, Billings, MT (7 Hours) * UASFLA- "Yellow Book", 10/14-16/08, Billings, MT (22 Hours) * Uniform Agricultural Appraisal Report, 5/8-9/08, Piedmont, SD (16 Hours) *What's Missing in Appraisal Reports, 2/ 4/09, Bozeman, MT (4 Hours) *Wind Leases-The Basic Rights of Ownership, 2/4/09, Bozeman, MT (2 Hours) * Update of Montana Water Rights, 2/4/09, Bozeman, MT (2 Hours) *ASFMRA- Code of Ethics Webinar, 8/11/09 (4 Hours) * A-114, 7 Hour USPAP 2010-2011 Update Course, 2/4/10, Billings, MT (7 Hours) * iKuw Adobe Acrobat 9 Professional, 4/16/2011 (12 Hours) * ASFMRA AFO/CAFO, 2/9/11, Bozeman, MT (4 Hours) * ASFMRA- Ag Trends in Ag Finance, 2/9/11, Bozeman, MT (2 Hours) * McKissock-Appraising Manufactured Homes, 9/8/11, Online, (7 Hours) *McKissock- Appraising FHA Today, 9/7/11, Online, (7 Hours) *GIS for Real Estate and Appraisal, 2/8/2012 Billings, MT (4 Hours) * Montana Access and Easement Law, 2/8/2012 Billings, MT (4 Hours) * A-114, 2012-2013 USPAP Update Course 2/7/2012 , Billings, MT (7 Hours)

EXPERIENCES

JK Appraisal & Consulting, LLC: Belgrade, MT Owner, President, (11/07 to Current)

* Responsibilities encompass all aspects of appraising duties. Specializing in agriculture, recreational, and other types of rural properties, including Federal acquisitions compliant with Uniform Standards for Federal Land Acquisitions a.k.a. Yellow Book appraisals; rural properties, inholdings, & conservation easements; Full narratives and Ag-Ware Form reports.

Associate Appraiser: Associate Appraiser with Terra Western Associates (11/07 to Current)
Bozeman, MT

* Responsibilities encompass all aspects of appraising duties. Specializing in agricultural, recreational, conservation easements, and other types of rural properties. Services include real estate appraisal, financial feasibility consulting, cash flow projections, and day-to-day management consulting.

Qualified Appraiser: United State Forest Service, Bozeman, MT (3/00- 10/12/07)

* Responsibilities encompassed all aspects of appraising duties. Specializing in Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) Appraisals for Federal acquisitions, land exchanges, right-of-ways, and inholdings.

Apprentice Appraiser: Hall-Widdoss & Co., Inc. South Dakota (8/98-3/2000)

* Hall-Widdoss & Co., Inc. has been conducting business since 1983. Covering the States of Montana, Idaho, Wyoming, Nebraska, and the Dakotas. The firm specializes in urban investment property, agriculture, recreational, and subdivision land appraisals. Appraisal work involved market value estimates for commercial, industrial, rural, recreational, mountain development, gaming (casino), mineral, and residential properties. The firm also has a vast experience with government trades and acquisitions. My duties included the mapping of legal descriptions, entering, confirming, and analyzing sales data, collection of courthouse information, and general property research. I completed numerous residential appraisals, aided with the development of appraisals performed for proposed acquisition/condemnation by DM&E Railroad; surface rights appraisals for Peabody Coal Company and various others. These included farms, ranches, and rural properties in Wyoming and South Dakota. I held South Dakota license number 666SR-2002 as a State Registered Appraiser

Apprentice Appraiser: Agribiz Appraisal & Consulting, Inc., Kim Colvin, ARA, President;
Luther Appraisal Services, George Luther, Jr., ARA.

*Subcontracted to perform basic appraisal duties. Researching sales, mapping of legal descriptions, proof reading reports, verifying sales with buyers, sellers, and agents. Also performed courthouse research, as well as, meeting with realtors to obtain sales information. Began to perform rural appraisals, using the three approaches to value.

Apprentice Appraiser: O'Neil & Co.: (1/98-7/98)

* During my employment I researched recent sales through the use of the Multiple Listing Service and the courthouse. I assisted in several appraisals by helping with measurements, pictures, and walk through of the subject property. I also observed and participated in the development of reports. I learned how to determine soil quality and productivity through the use of soil surveys and aerial photos.

KIM C. COLVIN, MA, ARA
P.O. Box 11950
Bozeman, MT 59719
Montana Certified General #174
Wyoming Certified General #424
Montana Licensed Real Estate Agent #11358
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TERRA WESTERN ASSOCIATES, INC., Bozeman, Montana 1999 to present
OWNER, PRESIDENT

Provides independent real estate and financial consulting to a variety of individuals and entities. Specializing in agricultural, recreational and other types of rural properties. Services include real estate appraisal, financial feasibility consulting, cash flow projections, and due diligence work. Ms. Colvin specializes in rural property valuation on properties such as the following:

- dairies
- conservation easements
- irrigated & dryland farms
- improved suburban tracts
- land divisions
- chattels
- land exchanges
- livestock ranches
- divorce settlement
- recreational land
- litigation support
- cash flow projections
- misc. acreage tracts
- rural subdivisions
- wildlife habitat
- Yellow Book Appraisal
- estate settlement
- feasibility studies

ML PROPERTIES, Big Timber, Montana 2005 to Present

Sales Associate - Have had real estate sales license since 1999. This license is now associated with ML Properties in Big Timber, Montana. Sales of rural real estate, due diligence for buyers, and sellers, and real estate consulting.

NORMAN C. WHEELER AND ASSOCIATES, Bozeman, Montana 1999 to 2005
SENIOR ASSOCIATE APPRAISER, AGRICULTURAL CONSULTANT

Associated with the company in March of 1999 as a senior associate appraiser. Norman C. Wheeler and Associates is a 52-year-old appraisal and consulting firm with offices in Bozeman and Sheridan, Montana. Professional staff employed by the firm include four full time appraisers with four holding state general licenses as well as the designation of Accredited Rural Appraiser (ARA). Provided independent real estate and financial consulting. Specializing in agricultural, recreational and other types of rural properties. Services included real estate appraisal, financial feasibility consulting, cash flow projections and day-to-day management consulting.

HALL-WIDDOSS & COMPANY, Spearfish, South Dakota 1997 to 1999
ASSOCIATE APPRAISER, AGRICULTURAL CONSULTANT

Specializing in agricultural, intensive livestock operations including dairies and feedlots, ranches, and recreational properties. Appraisal work involves market value estimates for agricultural, commercial, rural, recreational, mountain development, and residential properties. The work performed is used for condemnation and other types of litigation, special-use agricultural valuations, financing for both proposed and existing properties, acquisitions, multi-state land exchanges, legal actions, and market studies.

INDEPENDENT FEE APPRAISER, Helena, MT - 1991 to 1998

Appraising rural properties consisting of ranches, recreational properties, dairies, diversified farming operations including row crops and permanent plantings, packing houses and rural residential subdivision properties. Also included some financial consulting. Work performed in Montana, California, South Dakota, Wyoming and several other western states.

SIERRA WESTERN AGRICULTURAL SERVICES, INC., Exeter, CA - 1989 to present
ASSOCIATE APPRAISER, AGRICULTURAL CONSULTANT

Appraising ranch and dairy real estate, farm equipment, cattle and growing crops. Prepare and monitor farm operating budgets and farm management skills for commercial banks, CPA's, attorneys and farming companies. Verify financial statement assets. Evaluate farm Net Operating Income for banks and investors, and farm property earning capacity for potential buyers. Conduct financial consulting for ongoing operations and debt restructure.

SECURITY PACIFIC NATIONAL BANK, Visalia, CA - 1984 to 1989
ASSISTANT VICE PRESIDENT

1988-1989: As Commercial Loan Officer for Visalia Dairy Industries Center, performed as lead officer in a wide range of financial management and business development responsibilities. Clients consisted of dairy operations, dairies with extensive farming operations, creameries. Managed production loan portfolio of \$17 Million.

1984-1988: Served as A.V.P. Dairy Specialist, responsible for a wide range of financial and managerial customer evaluations in direct support of the bank credit officer: appraisal of agricultural real estate, dairy cattle, feedstuffs and farm equipment. Performed cash flow analyses and projections for dairy farms and general agricultural crops. Accounts consisted of farms and dairies located in California, Arizona, Oregon and Nevada. Also performed analyses and cash flows for operations with deciduous fruit, nuts and row crops.

MADDOX DAIRY, Burrell, CA - 1981 to 1984
YOUNGSTOCK MANAGER

Responsible for supervision of ongoing calf operation, supervising up to 3,600 head of youngstock, six employees, feed rations, record-keeping, veterinary treatments and maintenance of facilities. Mortality rate on 4,100 calves raised (0-2 mos) over two years - 1.0%

CAL POLY FOUNDATION DAIRY - San Luis Obispo, CA - 1977 to 1981

Held various positions, including Herdsman's Assistant, calf feeder, milker and maternity manager.

EDUCATION

B.S. Cal Poly, San Luis Obispo, June 1981, Dairy Science
Senior Thesis - Progesterone Levels as an Indicator of Pregnancy in Dairy Cattle
Carnation Genetics Artificial Insemination School
College of Sequoias, Visalia, CA - Accounting 1A, 1B
American Bankers Association -- Financial Statement Analysis;
Commercial Analysis for Lenders -- USC Advanced Financial Management
Pacifica Graduate Institute - August 2008 - M.A. Depth Psychology
Pacifica Graduate Institute - PhD. Program in Depth Psychology. Expected completion 2010.

APPRAISAL COURSES COMPLETED

Report Writing (1989), Fundamentals of Rural Appraisal (A10, 1991), Principles of Rural Appraisal (A20, 1991), Advanced Rural Appraisal (A30, 1992), Eminent Domain (A25, 1992), Standards & Ethics (A12), 1991, 1994, 1997, Income Approach Capitalization Unleveraged (A18, 1995), Environmental Seminar, (1994), Open Forum on Public Interest Value, (1994), Lease Valuation Seminar (1998), Appraisal Electronic Spreadsheet Seminar, (1998), Conservation Easement Appraisal (1998), PAASD Building Measurement and Computer Tools Seminar (1998), Appraisal Institute Ethics 420 (1998), Appraisal Institute Standards & Ethics 410 (1999), Fundamentals of Real Estate, Connole-Morton (1999), Federal Land Acquisitions and Exchanges (Yellow Book) (2000). Fundamentals of Real Estate, Connole-Morton, (1999), Real Estate Ethics, Connole-Morton (2000), Is the Comparable Comparable? IFA (2002), Appraisal Review - Residential 7 hours (AI, 2002), Appraisal Review - General 7 hours (AI, 2002). Risk in Real Estate, Connole-Morton (2002), ASFMRA Ethics (2003), USPAP 7 Hr Course ASFMRA (2003). IFA Manufactured Housing (2004), IFA Defects in Residences (2004), IFA Land Use (2004), 7 Hour USPAP Course (2005), Appraisal Institute Mapping Course (2005), Appraisal Institute 2005 URAR Update C (2005). USPAP 7 Hour Update (2006), Discounting and Leases Seminar (2006), 4 hour mandatory Real Estate Licensing Update and 8 Hours of continuing education Connole-Morton (2006). Montana Economic Conference (2007), IFA Easements and Licenses (2007), ASFMRA Appraisal Review (2007) 16 hours, ASFMRA

Appraisal Review Under USPAP 22 hours (2007). 4 hour mandatory Real Estate Licensing Update and 8 Hours of continuing education Connole-Morton (2007). Valuation of Conservation Easements 33 hour Certification Course – AI, ASFMRA, ASA, LTA (2008). ASFMRA Code of Ethics 4 hours (2008). Credit Crisis Continuing Education Connole-Morton 8 hours (2008). Gallatin Association of Realtors 4 hr Ethics Course (2008). ASFMRA Requirements of UASFLA – The “Yellow Book” (2008). Appraisal Institute USPAP 7 hr Update Course (2009). 4 hour mandatory Real Estate Licensing Update and 8 Hours of continuing Education Connole-Morton RE School (2009). Wind Powered Electric Generator Course ASFMRA (10/2009), ASFMRA Cost Estimating Seminar (1/2010), ASFMRA 7 hr USPAP Update Course (1/2010). ASFMRA Sales Comparison Approach Seminar (1/2011), AFO/CAFO Seminar (1/2011), River and Roads Seminar (1/2011). Montana Conservation Easement Conference for Financial Professionals (10/2011). 7 Hour USPAP Update Course (2/2012). Montana Access and Easement Law (2/2012). Montana GIS Cadastral Course (2/2012).

CIVIC AND PROFESSIONAL INVOLVEMENT

National Dairy Shrine Member; Accredited Member of the American Society of Farm Managers and Rural Appraisers (ARA); Montana Farm Bureau Member; National Mentor Chair for ASFMRA 1995-1998; 1998-99 ASFMRA Accrediting Committee member; Regional Appraisal Review Committee Chair; State legislative Committee Chairman and Real Estate Board Liaison for ASFMRA (4 years). Past State Mentor for Chapter. Past Montana ASFMRA State Chapter President (1995), Vice President and Director. Associate member of the Appraisal Institute, Member of University of Montana Western Advisory Board (2002). Sweet Grass County High School Booster Club Member (2008). Crazy Mountain Stock Grower’s Association (2008-2010) Sweet Grass County Wool Grower’s (2008-2010). Member of the Southwest Montana Farm and Ranch Brokers (ongoing). Member of the Southwest Montana Multiple Listing Service.