

HELMBRECHT APPRAISING, LLC

John C. Helmbrecht
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406-376-3320

December 30, 2011

John Grimm
Department of Natural Resources and Conservation
P.O. Box 201601
Helena, MT 59620-1601

Subject: State of Montana
Agricultural Property
Hill County, MT

Dear Mr. Grimm,

After inspection of the above property and based upon facts contained in the attached report it is the conclusion of the undersigned that the market value of the subject property, as of December 29, 2011 is indicated at:
\$50,000

This Summary Appraisal Report is based upon the assumptions and limiting conditions within the report. Liens and encumbrances, if any, have been disregarded. I, the undersigned, do hereby certify that to the best of my knowledge and belief, the statements contained in this appraisal and upon which the opinions expressed herein are based, are correct. Employment in and compensation for making this report are in no way contingent upon the value reported. Material pertinent to the process of valuation of this property is contained in the files of the appraiser. I certify that I have not, nor do I contemplate in the future, any financial interest in the subject property. Thank you for the privilege of serving you.

Sincerely,

John C. Helmbrecht
Montana Certified General Appraiser

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SUMMARY OF SALIENT FACTS

OWNERS OF RECORD:	State of Montana P.O. Box 201601 Helena MT 59620-1601
EFFECTIVE DATE:	December 29, 2011
DATE OF REPORT:	December 30, 2011
APPRAISAL FORMAT:	Summary Narrative Appraisal Report
INTENDED USERS:	The State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC) only.
INTENDED USE:	Intended use is to provide the clients with a credible opinion of current fair market value of the appraised subject property for use in the decision making process concerning the potential sale of said subject property only.
PROPERTY RIGHTS APPRAISED:	Property rights appraised are fee simple ownership rights, subject to outstanding reservation for rights-of-way or other recorded exclusions. Sub-surface mineral rights are not appraised nor has title to such rights been researched.
HIGHEST & BEST USE:	Highest and best use of the property is its current use as native pasture for the grazing of livestock.

SUMMARY OF SALIENT FACTS (continued)

LOCATION OF PROPERTY: The property consists of one contiguous parcel of native range pasture in Hill County, Montana:

Sale #632 is thirty five miles northwest of Havre, Hill County, Montana. Location is approximately 33 miles northwest of Havre via paved Highway #2 thirty miles west, then 16 miles north via paved and gravel Gildford Road to the subject.

ACCESS: The parcel has legal access by gravel county road. However no recreational opportunities exist for the public on this property due to the fact that the lessee's farm and ranch headquarters is located adjacent and across the county road to the north. The subject is an integral part of the lessee's cattle operation with feeding and calving operations on the parcel.

IMPROVEMENTS: There are no improvements on the subject property other than perimeter fencing and cattle shelters. There is also a stock water reservoir located on the property.

REAL ESTATE TAXES: State of Montana owned - Not Taxed

PROPERTY DESCRIPTION: The subject consists of Sale #632, which is 200 acres of native range pasture in one contiguous parcel in northern Hill County, MT.

OPINION OF VALUE:	Comparable Sales Approach. .	\$50,000
	Income Approach.	\$ 51,000
	Cost Approach.	\$50,000

FINAL OPINION OF VALUE: **\$ 50,000**

PURPOSE OF THE APPRAISAL AND SUMMATION OF THE APPRAISAL PROBLEMS

This appraisal is being made to estimate Market Value, as is, of the rights of fee simple interest of surface rights of the subject property, excluding mineral rights and subject to liens and encumbrances, of the above described property in its entirety, as it exists on the date of the appraisal.

Market Value Defined:

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, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a buyer under conditions whereby: 1) buyer and seller are typically motivated; 2) both parties are well informed or well advised and each acting in what he considers his own best interest; 3) a reasonable time is allowed for exposure in the open market; 4) payment is made in terms of cash in U.S. 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.

The Appraisal Problem Consists of:

1. Estimate Highest and Best Use
2. Estimate Market Value consistent with Highest and Best Use.

DISTRIBUTION OF MARKET VALUE

Value, as assigned in this report, applies to the real estate as described and is based on unencumbered value. It does not consider the value of growing crops or personal property. As noted herein, a separate contributory value analysis of any existing mineral rights, timber rights or water rights is not made. These property rights are considered as part of the overall values as assigned the real estate, and their values are reflected by the land values exhibited in the market. In other words, water rights and mineral rights, whether existing or not, are a part of the assigned land values overall.

Inherent in the land values assigned is basic land improvements such as roadways, fences, ditches, irrigation structures and field preparation. Irrigation equipment is considered appurtenant to the land. Structural improvements may be assigned specific contributory value within the cost approach as evidenced by the market; however, these values apply only under the existing highest and best use assigned, unless otherwise noted, and may be subject to market correction in the final reconciliation of value.

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 in to 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.

USPAP CERTIFICATION

I certify that, to the best of my 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 my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*, .
8. I have made a personal inspection of the property that is the subject of this report.
9. No one made significant real property appraisal assistance to the person signing this report.

December 30, 2011

John C. Helmbrecht
Montana Certified General Appraiser

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

CONTINGENT AND LIMITING CONDITIONS: The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. The Appraiser assumes no responsibility for matters of legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.
3. The Appraiser is 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 thereof.
4. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuation for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
5. The Appraiser assumes that there are not hidden or non-apparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
6. Information, estimates, and opinions furnished to the Appraiser, 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 can be assumed by the Appraiser.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS (continued)

7. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organization, or the firm with which the Appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, the borrower if appraisal fee is paid by same, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department, agency or instrumentality of the United States or any state or the District of Columbia without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising public relation, news, sales, or the media, without the written consent and approval of the Appraiser.
8. ENVIRONMENTAL DISCLAIMER: The value estimated in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. The Appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. It is possible that tests and environmental experts would reveal the existence of hazardous materials and environmental conditions on or around the property that would negatively affect its value.
9. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
10. The appraiser reserves the right to revise this appraisal in view of changing market conditions and any other circumstances which would affect the Market Value. No change of any item in the appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change.
11. Employment in and compensation for making this report are in no way contingent upon the value reported. I certify that I have not, nor do I contemplate in the future, any financial interest in the subject property.

HIGHEST AND BEST USE

Real Estate is appraised on the basis of its Highest and Best Use.

Following is a definition of Highest and Best Use from "Appraiser's Terminology and Handbook".

"HIGHEST AND BEST USE"

The most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. However, elements affecting value which depend upon events or a combination of occurrences which, while within the realm of possibility, are not fairly shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent on an uncertain act of another person, the intention cannot be considered.

That use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use which will yield to land the highest present value. Sometimes called optimum use."

"Highest and Best Use" is further described as follows:

The determination of market value includes consideration of the highest and best use for which the appraised property is clearly adapted.

Highest and Best Use is the legal and probable use that supports the highest present value, as defined, of vacant land or improved property, as of the date of the appraisal.

It is that use found to be:

1. legally permissible
2. physically possible
3. financially feasible
4. maximally productive

HIGHEST AND BEST USE (continued)

Consideration is given to trends on recent land sales, economic factors, and strength of the local market. An analysis of the highest and best use of the property forms a basis for the valuation of the property. Highest and best use serves as a guide in the selection of comparable sales to be used in the analysis of the subject property.

The definition applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements, the highest and best use may very well be determined to be different from existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use. These definitions imply a recognition of the contribution of existing specific uses to the community environment or to community development goals in addition to increasing the wealth of individual property owners.

The final determination of the highest and best use is a result of appraiser's judgement and analytical skills. The use determined from analysis represents an opinion, not a determination of fact. Consideration has to be given to that range of uses which fit the appraised property and to alternative uses, as well as existing use.

It is the opinion of the appraiser that the highest and best use of the subject property that is legal, possible, feasible and maximally productive is its current use as native pasture for the grazing of livestock.

Use of the subject property as agricultural land is legally permissible, as the property is classified as agricultural land. This use is also physically possible. The use is both financially feasible and maximally productive.

THE APPRAISAL PROCESS

There are three approaches that may be used by appraisers in the estimation of Market Value. The approaches provide data from the market for three different sources when all are available. These three approaches are the Comparable Sales Approach, or Market Data Approach; the Income Approach (investment property); and the Cost Approach.

The Market Data Approach has as its premise the comparison of the subject property with others of a similar design, utility and use that have sold in the recent past. To indicate a value for the property, adjustments are made to the comparable for differences with the subject.

The Income Approach, as used for investment properties, has as its premise the estimation of the amount of the net income, which, when capitalized in a manner that is commensurate with the risk and the life expectancy of the improvements, will indicate the present value of the income stream.

The Cost Approach has as its premise the valuation of the site by comparison with other sites in the area or comparable sites in competitive areas that have sold in the recent past, making adjustments for differences to indicate a site value estimate. To this tract the cost approach (summation) considers the contributory value of the land in individual uses.

Normally, these three approaches will each indicate a different value. After all the factors in each of the approaches have been carefully weighed, the indications of value derived from each of the approaches are correlated to arrive at a final value estimate.

When possible, the appraiser will normally utilize each approach.

SCOPE OF THE APPRAISAL

The property was inspected by John C. Helmbrecht on December 29th, 2011. All accessible areas of the property were inspected. No off trail driving was deemed appropriate or necessary.

This appraisal, summary report is considered a summary report due to any unintended deletion of items that would make it fully self-contained. The Comparable Sales Approach, Income Approach and Cost Approach are completed.

Soils information has been considered and comparable qualities of land and other aspects of the property are a part of this appraisal report. All back up material pertaining to the final opinion of market value is contained in the files of Helmbrecht Appraising.

Information has been gathered from State Cadastral website, DNRC offices, local realtors and appraisers.

This appraisal report is based on the hypothetical conditions that the property is deeded private land with Fee Simple interest, no current leases are considered and that all parcels have legal access. No improvements are being considered to have any contributory value to the land that is the subject of this report.

INTENDED USE OF THE APPRAISAL

Intended use is to provide the clients with a credible opinion of current fair market value of the appraised subject property for use in the decision making process concerning the potential sale of the said subject property only.

INTENDED USER OF THE APPRAISAL

The intended users of this appraisal report are The State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC) only.

OWNERS OF RECORD AND LEGAL DESCRIPTION

OWNERS OF RECORD

State of Montana
P.O. Box 201601
Helena MT 59620-1601

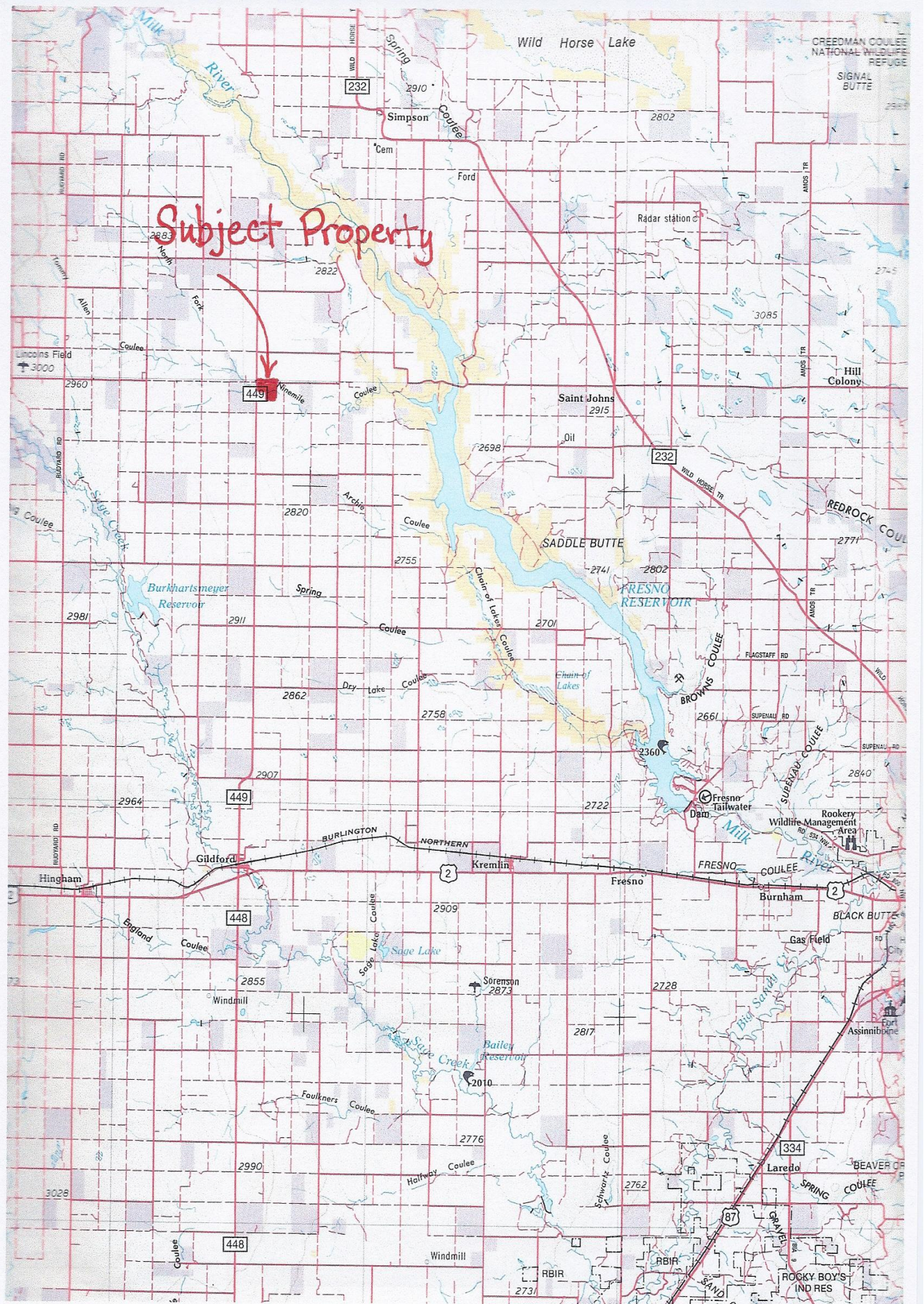
LEGAL DESCRIPTION

Sale #632

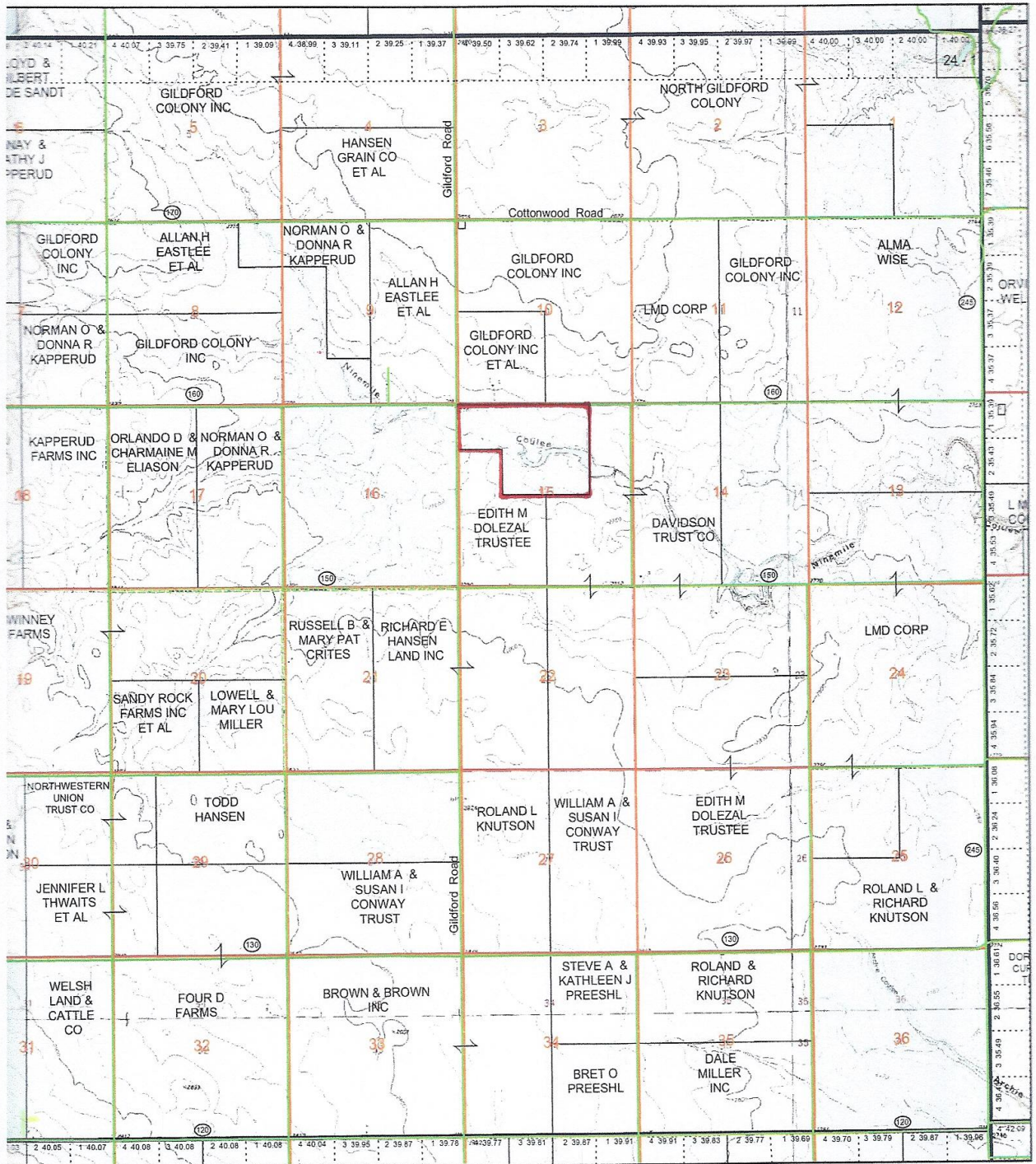
Township 35 North, Range 11 East, M.P.M.

Section 15: NW $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$

Totaling 200.00 total deeded acres in Hill County, Montana.



Map 14



Map 25

Map 34

Map 35

3	4	5	6	7	8	9	10
3	14	15	16	17	18	19	20
3	24	25	26	27	28	29	30
3	34	35	36	37	38	39	40
3	44	45	46	47	48	49	50
3	54	55	56	57	58	59	60
3	64	65	66	67	68	69	70

CHAVRE

- U.S.A. Land
- State Land
- Local Government
- Reservation
- Lot Line
- Highway Number
- Highway
- Improved Road
- Unimproved Road
- Railroad
- Canal / Creek
- River

HILL COUNTY GENERAL AREA DATA

Hill County is located in north-central Montana bordering the Canadian Provinces of Alberta and Saskatchewan on the north, Liberty County on the west, Chouteau County on the south and Blaine County on the east.

Over 61% of the land in Hill County is cropland with most being non-irrigated dry cropland. Approximately 546,500 acres are normally seeded to either spring or winter wheat, 114,600 acres are seeded to barley and 11,600 acres are seeded to oats. The remainder of the 1,200,000 acres of dry cropland in the county are fallow. There is 442,000 acres of native pasture, 2595 acres of irrigated cropland and 3140 acres in wild hay. The recent Conservation Reserve Program has seen 147,000 acres of highly erodible land seeded to grass for 10 year periods.

Havre is the county seat of Hill County, and the major trade center along U.S. Highway #2, the "hi-line", north of Great Falls, Montana. Havre's beginning was due to the arrival of the railroad, specifically James J. Hill and the Great Northern Railway. The first locomotive rolled into Havre, (then named Bull Hook Bottoms), in October, 1887, to link north central Montana with Minot, North Dakota on the east; and also to provide a better method of supplying the military at Fort Assiniboine, which was and still stands six miles southwest of Havre. Many early settlers in the area were disappointed in their quest for furs, buffalo, silver and gold, and were forced to turn to the land for their livelihood. Prior to 1910, the area was devoted primarily to raising cattle, sheep and horses. Today, the ranches are in lesser numbers with the farms now producing some of the world's greatest spring and winter wheat crops. Havre is located approximately 111 miles northeast of Great Falls, Montana and 40 miles south of the Canadian Border.

The current population of Havre approximates 11,000 and for Hill County 17,000. Havre's economy is reasonably stable and has had recent commercial growth including Wal Mart and 2 Motels. Today, over 500 businesses and professional firms are located in Havre and Hill County. Havre has been identified as a sub-regional service center, which provides an excellent retail sector, including the twelve block Central Business District, a Holiday Village Shopping Center with a capacity for 38+/- stores, and the "Atrium Mall" a 46,000 square foot renovated downtown building with 20 +/- retail / service and professional firms.

HILL COUNTY GENERAL AREA DATA (continued)

High energy prices have spurred a large growth in natural gas exploration recently. Additionally, Havre is fortunate to have excellent medical facilities, including the Havre Clinic, and Northern Montana Hospital, an accredited 120 bed hospital which opened in 1975, several independent physicians and two long term care facilities.

The city of Havre has an excellent system of public and private schools, including one high school, one middle school, and four elementary schools, in addition to St. Jude's elementary parochial school. Montana State University- Northern is also located in Havre. The youngest college in the Montana University System offers all modern facilities. Montana State University is fully accredited in the University of Montana System.

The Burlington Northern Santa Fe Railroad continues to be a major factor in Havre's employment base. Employment opportunities with Burlington Northern Santa Fe Railroad have expanded greatly in the past 5 years with a steady increase in rail traffic.

Area for residential development is available in most areas of the city. The central business district appears to have reached an equilibrium. Recreational opportunities in the area are excellent. Approximately nine miles south of the city lies the 9,280 acre Beaver Creek Park. This is the largest county park in the United States, offering visitor recreation and nature at its best. In season, the park offers fishing on Bear Paw Lake or the numerous streams, with swimming, backpacking, camping, cross county skiing, snowmobiling and downhill skiing in the Bears Paw Ski Bowl located in the Bear Paw Mountains. Just a few minutes west of Havre is Fresno Reservoir, with fishing, boating, water-skiing and picnicking.

PROPERTY DESCRIPTION

LOCATION OF PROPERTY: The property consists of one contiguous parcel of native range pasture in Hill County, Montana:

Sale #632

Located thirty five miles northwest of Havre, Hill County, Montana. Location is accessed approximately 33 miles northwest of Havre via paved Highway #2 thirty miles west, then 16 miles north via paved and gravel Gildford Road to the subject.

Sale #632

Subject property consists of a 200 acre contiguous native grazing tract with moderately rolling native rangeland. The parcel has legal access with gravel county roads bordering the west and north sides of the property. There is stock water on the tract with a reservoir traversing the parcel from east to west and Nine Mile Coulee drainage traverses the property from east to west. There is perimeter fencing in good condition. The parcel appeared well managed and productive with a good stand of grass after last year's heavy rains and snow. The lessee's farm and ranch headquarters is located adjacent and across the county road to the north. The subject is an integral part of the lessee's cattle operation with feeding and calving operations on the parcel. There are no building improvements on the subject property besides cattle shelters. These shelters and fences are not considered to have any contributory value for the purposes of this appraisal. Parcel is perimeter and cross fenced with fences and gates in good useable condition. Average annual precipitation is 10-12 inches. Productivity is estimated at about 5 acres per AUM on the pasture portions.

UTILITIES

Public electrical and telephone are not utilized on the subject but are available on nearby adjacent tracts and along the county roads.

HAZARDOUS MATERIAL AND TOXIC WASTE

No suspected hazardous materials or toxic waste were observed during the inspection. It is assumed that the subject property is in full compliance with all applicable federal, state and local environmental regulations and laws, however, the appraiser is not an environmental expert and has no expertise or training in this field. It is possible that tests and environmental experts would reveal the existence of hazardous materials and environmental conditions on or around the property that would negatively affect its value. The client is encouraged to contact an expert in this field if there are any concerns.

PRIOR SALES HISTORY

No sales of the subject property have occurred in the past 3 years.

FLOOD PLAIN

No areas of the subject are located in a FEMA designated flood zone.

PROPERTY DESCRIPTION

PREDOMINANT SOILS

- | | |
|------|--|
| 421C | Joplin-Hillon Clay Loams, 2-8% slopes, Capability Class 3E,
Forage potential 1000-1800 lb/acre. Silty Range Site. |
| 98B | Kremlin Loam, 0-4% slopes, Capability Class 3E,
Forage potential 900-1700lb/acre. Silty Range Site. |
| 503B | Telstad-Joplin Loam, 0-4% slopes, Capability Class 3E,
Forage potential 1000-1800lb/acre. Silty Range Site |

Growing season in the subject area is 105-125 days. Pasture land productivity on the subject is estimated at 10 acres per AUM for the overall for the purpose of this analysis. Soils on the subject property have fair to good productivity as agricultural land. Soils on the subject are well drained. Erosion hazards are moderate. All soils types require careful management to obtain optimal production. Soils map and legend summary is found on the following pages.

MARKETING PERIOD

Marketing period for the subject property is estimated to be six months to one year, which is a reasonable time, determined by sales in the area.

CURRENT MARKETING CONDITIONS AND TRENDS

Marketing conditions indicate that there are qualified buyers willing and able to be active in the market. Market value of land in the area shows increase in the last few years in dry land crop acreage but not enough recent sales data of dry land pasture to make a legitimate time adjustment.

FUEL TANKS AND GARBAGE DUMPS

No above ground or below ground fuel tanks were observed on the property. No garbage dumps were observed.

HAZARDS AND DETRIMENTS

The main hazard of the subject area consists of extreme climate problems such as severe winters, hot summers, high velocity winds, drought and natural phenomena inherent in northern Montana. These hazards affect local areas in varying degrees.





















































ZONING, MINERAL RIGHTS AND EASEMENTS

The subject property is classified as agricultural land. A title search was not conducted. No apparent easements are noted. Mineral rights, if any, are not within the scope of this appraisal.

Soil Map—Hill County, Montana



MAP LEGEND

	Area of Interest (AOI)		Very Stony Spot
	Area of Interest (AOI)		Wet Spot
	Soils		Other
	Soil Map Units		Special Line Features
	Special Point Features		Gully
	Blowout		Short Steep Slope
	Borrow Pit		Other
	Clay Spot		Political Features
	Closed Depression		Cities
	Gravel Pit		PLSS Township and Range
	Gravelly Spot		PLSS Section
	Landfill		Water Features
	Lava Flow		Streams and Canals
	Marsh or swamp		Transportation
	Mine or Quarry		Rails
	Miscellaneous Water		Interstate Highways
	Perennial Water		US Routes
	Rock Outcrop		Major Roads
	Saline Spot		Local Roads
	Sandy Spot		
	Severely Eroded Spot		
	Sinkhole		
	Slide or Slip		
	Sodic Spot		
	Spoil Area		
	Stony Spot		

MAP INFORMATION

Map Scale: 1:6,630 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: Hill County, Montana
Survey Area Data: Version 10, May 3, 2011

Date(s) aerial images were photographed: 7/19/2005

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.

Map Unit Legend

Hill County, Montana (MT041)			
Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
98B	Kremlin loam, 0 to 4 percent slopes	61.8	31.1%
421C	Joplin-Hillon loams, 2 to 8 percent slopes	96.3	48.4%
503B	Telstad-Joplin loams, 0 to 4 percent slopes	40.8	20.5%
Totals for Area of Interest		198.8	100.0%

COMPARABLE SALES APPROACH

A search of the market was made to find recent sales that are similar to the subject property. The area in Hill County near the subject parcels primarily consists of large acreage tightly held family farm and ranch properties. These properties seldom become available on the open market. No small tract grazing parcel sales were found. The Sales used are the most comparable and closest in proximity to the subject property that are available to the appraiser. Information on sales data from comparable sales is adjusted to arrive at an opinion of market value for the subject property. Information is gathered from sources deemed reliable, however it is not guaranteed.

SALE # 1

Seller: Mark Goldhan
Buyer: Kent and Debra Friede
Sale Price: \$421,750
Sale Date: 12/06 and 4/07
Terms: Cash to Seller
Document: 143D 770 (4-4-07) and 141D 137 (12-7-06)
County: Hill
Confirmed: Appraiser

1279.00 Acres Native Range	@ \$250/acre	= \$319,750
300.00 Acres Improved Grass	@ \$340/acre	= \$102,000
<u>2.29 Acres Waste</u>	@ \$-0-/acre	= <u>-0-</u>
1581.29 Total Deeded Acres		\$421,750

Legal Description:

Township 35 North, Range 13 East, M.P.M.

Section 19: S½

Section 30: All

Township 35 North, Range 12 East, M.P.M.

Section 25: All

Located 21 miles north of Havre, Hill County Montana north of Fresno Reservoir. County Road access. Current and past use is native range pasture. Moderately rolling terrain that is perimeter and cross fenced. Reservoir , well in Section 30 with waterline. No building improvements. Sold to Goldhan in December, 2003 for \$232,000, a 44.99% increase in 3 years. This sale is the only pure pasture sale found in the reasonably near area of the subject parcels.

COMPARABLE SALES APPROACH (continued)

SALE # 2

Seller: Jim and Rebecca Pimley
Buyer: Gildford Hutterian Brethren et al
Sale Price: \$615,000
Sale Date: 4/06
Terms: Cash to Seller
Document: WD 37- Pages 450, 451, 452
County: Liberty County
Confirmed: Buyer
HBU: Agricultural

1115.60 acres C. R. P. @ \$410/acre = \$457,396

910.40 acres Pasture @ \$171/acre = \$155,678

5.00 acres Farmstead @ \$410/acre = \$ 2,050

2031.00 Total Deeded Acres \$615,124

Legal Description:

T37N - Ranges 6 and 7 East

Lengthy Legal – See Deed

This sale is located about 25 miles north of Joplin, Liberty County Montana. This sale has utilities available. The topography on this sale is rolling hills to ravines. Access to this sale is by county road. This sale is located in an agricultural area. The vegetation on this sale is some dry cropland currently in CRP with the remainder in native grass. The buyers were looking for deeded pasture closer to home. They had been renting pasture near Harlem at \$20+ an aum. Modest home, garage and grain storage, etc. given no value in sale.

COMPARABLE SALES

SALE # 3

Seller: Kirkaldie
Buyer: Young
Sale Price: \$242,000
Sale Date: 8/2007
Terms: Cash
County: Blaine
HBU: Agricultural
Reference: Buyer

505 Acres Improved Grass	@ \$205/acre	= \$103,525
745 Acres Native Pasture	@ \$185/acre	= \$137,825
1250 Total Acres	Total Land Value =	\$241,350

No improvements.

Legal Description:

Township 27 North, Range 25 East, P.M.M.

Section 16: All

Section 17: E $\frac{1}{2}$

Section 20: E $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ W $\frac{1}{2}$ E $\frac{1}{2}$, E $\frac{1}{2}$ E $\frac{1}{2}$ W $\frac{1}{2}$ W $\frac{1}{2}$ NE $\frac{1}{4}$

Section 21: NW $\frac{1}{4}$

Located about 3.5 miles north of Lodge Pole. Legal and physical access is from an unimproved dirt trail about 1/8 mile from BIA 3, a paved road. Topography on the tract is rolling hills. Seasonal stock water is available from a spring. There is a reservoir that does not generally hold much water. There were two older mobile homes in unusable condition on the tract at the time of sale which have since been destroyed, not given value consideration. Improved grass was once CRP and is no longer under contract. Portions of the improved grass and native range are infested with cheat grass. Overall, buyer considers this tract average quality grass land for the area. Motivation was for expansion for agricultural operation.

COMPARABLE SALES

SALE # 4

Seller: Sousa
Buyer: Stromberg & McGuire
Sale Price: \$150,000
Sale Date: 5/2008
Terms: Cash
County: Blaine
HBU: Agricultural
Reference: Selling Agent

153 Acres Irrigated Crop Land	@ \$700/acre	= \$107,100
1 acre Farmstead	@ \$700/acre	= \$ 700
54.20 Acres Native Pasture	@ \$200/acre	= \$ 10,840
208.2	Total Land Value =	\$118,640

Contributing value of improvements = \$ 31,360

Legal Description:

Township 32 North, Range 23 East, P.M.M.
Section 25: SE ¼ SE ¼

Township 32 North, Range 24 East, P.M.M.

Section 30: Lots 3, 4, and portions of 1 & 2 South of Rail Road Track
Section 31: Lot 1

Located five miles east of Harlem on the Milk River Irrigation Unit. Irrigation canals traverse the property. Irrigated land does not appear to be leveled. Domestic water is from a well. Utilities are readily available to the site. Access is by Matador Road, a gravel county road. Contributing value of improvements and acreage breakdown was derived from the selling agent at Missouri River Realty. This tract is considered very poor quality irrigated cropland and has not been in use for several years. Improvements were in very poor condition at the time of sale.

COMPARABLE SALES APPROACH

SALE # 5

Seller: Blount
Buyer: Stout
Sale Price: \$289,000
Sale Date: 4/2008
Terms: Cash
County: Blaine
HBU: Agricultural
Reference: Buyer, Debbie Stout

<u>1117.85</u> Acres Pasture	@ \$259/acre	= <u>\$289,523</u>
1117.85 Total Deeded Acres		\$289,523

Legal Description:

Township 33 North, Range 26 East, P.M.M.

Section 19: Lots 7, 8, 9, 10, 11 & 12, SE $\frac{1}{4}$

Section 20: N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ N $\frac{1}{2}$

Section 21: W $\frac{1}{2}$ NW $\frac{1}{4}$

Section 30: Lots 2, 3, 4 and 5

Located about 15 miles north and west of Savoy via dirt and gravel county road #147 (Black Coulee Road). Portions of the property lie adjacent to the road. Topography is nearly level to sloping to hilly. Stock water is available from two stock reservoirs. There is also seasonal water from natural low-lying wetland areas. The property is 100% native range pasture and is perimeter fenced. Utilities are located 2 miles south or 4 miles east. Seller was an out-of-state land owner whom buyers had been leasing from long term. Seller wanted to sell the property and no longer lease. Not advertised by realtor, but was on the open market and bid on by neighboring land owners. Subject had been a large part of buyer's operation and did not want to let it go to the neighbors.

COMPARABLE SALES

SALE # 6

Seller: William Main Jr.
Buyer: James & Kristine Webb
Sale Price: \$22,000
Sale Date: 12/2008
Terms: Cash
County: Blaine
HBU: Agricultural
Reference: Seller, William Main
WD: 083D, 00571, 12/3/08

43 Acres Native Range	@ \$200/acre	= \$ 8,600
and Subirrigated Range		
27 Acres Dry Crop/Alfalfa	@ \$500/acre	= \$13,500
70 Deeded Acres	Total Land Value =	\$22,100

Legal Description:

Township 27 North, Range 25 East, P.M.M.
Section 12: NW $\frac{1}{4}$ SW $\frac{1}{4}$ less 1 acre, NE $\frac{1}{4}$ SW $\frac{1}{4}$ less 9 acres

Located 4 air miles southeast of Lodge Pole. Access is 1.5 miles of dirt and gravel road from paved BIA 11. Big Warm Creek traverses the property. The creek runs year 'round and is a source of stock water for the property. Topography is nearly level to sloping to somewhat steep in places along creek banks. Subject is partially perimeter fenced with the remainder being fenced in with a larger pasture. Utilities are present. Buyer leases pasture bordering the north edge of the subject. Seller stated he felt he sold at a discount. Seller and buyer lease property from one another. Soils information indicates an average of 4 acres/aum forage potential for native range and 2 acres/aum for subirrigated native range. Estimated capitalization rate is 4.62%.

COMPARABLE SALES

SALE # 7

Seller: Jeanie Huppert , Randolph A. Parkell
Buyer: Cliff and Helen Wicks
Sale Price: \$71,000
Sale Date: 5/1/08
Terms: Cash to Seller
County: Liberty County
Confirmed: Selling Agent
HBU: Agricultural
Document: WD 37- Page 751

36 Acres Dry Cropland	@ \$450/acre =	\$16,200
<u>103.26 Acres Native Pasture</u>	@ \$270/acre =	<u>\$27,880</u>
139.26 Total Deeded Acres		\$44,080
Improvements		<u>\$26,920</u>
		\$71,000

Legal Description:

Township 31N , Range 6E

Section 3: NE $\frac{1}{4}$ NE $\frac{1}{4}$

Township 32N , Range 6E

Section 34: SE $\frac{1}{4}$ SE $\frac{1}{4}$

Sale property is located about 2 miles southeast of Chester. Consists of two non contiguous parcels. This sale has power available via overhead lines. The sale has gently undulating topography. Access to this sale is from a gravel road. This sale is located in an agricultural area. The vegetation on this sale is dry cropland and native grass. Listed at \$80,000 on 3/26/08. Sale not used on chart as the location was nearly adjacent to the town of Chester and it was an improved sale.

COMPARABLE SALES

SALE # 8

Seller: Wildhorse Trail Farming Co.
Buyer: Micah and Karen Gibson
Sale Price: \$848,810
Sale Date: 3/21/08
Terms: Cash
County: Hill
HBU: Agricultural
Reference: Appraiser

368.50	Acres C.R. P.	@ \$500/acre =	\$184,250
<u>2191.50</u>	Acres Native Pasture	@ \$261/acre =	<u>\$571,982</u>
2560.00	Acres	Total Land Value =	\$756,232

Improvements	<u>\$92,578</u>
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Total	\$848,810
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Legal Description:

Township 36 North, Range 13 East, P.M.M.

Section 11: E½

Section 12: All

Section 13: All

Section 14: All

Section 23: N½

Excepting Tract owned by Roman Catholic Bishop of Great Falls

Further excepting Hill County and State of Montana ROWs

Located 25 miles north of Havre, MT. Utilities are readily available to the site. Access is by a gravel county road and paved Highway #232. Pits and reservoir water. Buyer motivation was expansion. Improvements include dwelling, garage, barn, shop, imp shed, and various bins.

COMPARABLE SALES

Sale #9

Seller: Bruce Jeppesen
Buyer: Tom Brown
Sale Price: \$211,000
Sale Date: 6/2009
Terms: Cash
County: Liberty
HBU: Agricultural

<u>578.20</u> Acres Native Range	@ \$300/acre	=	\$173,460
<u>75.60</u> Acres CRP	@ \$500/acre	=	\$ 37,800
653.80 Deeded Acres	Total Land Value		\$211,260

No Improvements

Legal Description:

Township 35 North, Range 05 East, P.M.M.
Sections 30 & 31

Located about 23 miles north of Chester. Access is from gravel county roads. Topography on the tract is moderately rolling to hilly to steep. Stock water from two developed springs and Corral Creek. Motivation was for expansion. Buyer is a local operator.

COMPARABLE SALES APPROACH (continued)

Sale	Sale Price	Total Acres	Per Acre	Location	Lease	Imps	Cows	Equip	Crop	Mix	Per /Acre
#1	\$421,750	1581	\$267	----	----	-----	-----	-----	----	-17	\$250
#2	\$615,214	2031	\$303	----	----	----	---	-----	----	-132	\$171
#3	\$241,350	1250	\$193	----	-----	----	----	----	----	-8	\$185
#4	\$150,000	208.2	\$720	----	----	-150	----	----	----	-370	\$200
#5	\$289,523	1118	\$259	----	-----	-----	----	----	----	-0-	\$259
#6	\$22,100	70	\$316	----	----	----	----	----	----	-116	\$200
#7	\$71,000	139.26	\$510	----	-----	-193	----	----	----	-47	\$270
#8	\$848,810	2560	\$331	----	----	-36	----	----	----	-34	\$261
#9	\$211,260	653.80	\$323	----	----	----	----	----	----	-23	\$300

OPINION OF VALUE FROM COMPARABLE SALES APPROACH 200.00 acres @ \$250/acre = \$50,000

Reconciliation of Comparable Sales Approach

Adjusted sales values range from \$171/acre to \$300/acre. No small tract native pasture sales were found in the market area. The sales chosen to value the subject are native range pasture sales from Hill County and surrounding counties. These sales are considered to be in similar production and rainfall areas to the subject. No recent pure pasture sales were found in the search of the market area of the subject property but the sales used are the most recent known sales and are indicative of price of native range pasture in the area. The opinion of value of the subject property is \$250/acre.

Adjustments were made on the following basis:

IMPROVEMENTS: The per acre difference in value considering the improvement values of the sales compared to the subject.

MIX: The per acre difference in value considering the mix of land types.

(Cropland, CRP, Pasture, Recreational, etc.) comparing the subject to the sales.

Mix sheet calculations follow.

OPINION OF MARKET VALUE FROM COMPARABLE SALES APPROACH

Sale #632 200 Acres Pasture @ \$250/acre = \$50,000

Total **200.00** Acres Pasture @ \$250/acre = \$50,000

DNRC 2011 Hill									
Sale # 1 =		Sale # 2 =		Sale # 3 =		Sale # 4 =		Sale # 5 =	
Land Use	Sale Acre \$ / Ac	Land Use	Sale Acre \$ / Ac	Land Use	Sale Acre \$ / Ac	Land Use	Sale Acre \$ / Ac	Land Use	Sale Acre \$ / Ac
Irrig Crop	0	Irrig Crop	0	Irrig Crop	0	Irrig Crop	0	Irrig Crop	0
Irrig Hay	0	Irrig Hay	0	Irrig Hay	0	Irrig Hay	153	Irrig Hay	0
Dry Crop	0	Dry Crop	0	Dry Crop	0	Dry Crop	0	Dry Crop	0
MtnPasture	0	MtnPasture	0	MtnPasture	0	MtnPasture	0	MtnPasture	0
Imp Past	300	Imp Past	300	Imp Pasture	0	Imp Pasture	0	Imp Pasture	0
Range land	1279	Range land	1279	Range land	54.2	Range land	54.2	Range land	200
Recreation	0	Recreation	0	Recreation	0	Recreation	0	Recreation	0
Site	0	Site	0	Site	1	Site	1	Site	0
Waste	2.29	Waste	0	Waste	0	Waste	0	Waste	0
Other-Bldg	0	Other-Bldg	0	Other-Bldg	0	Other-Bldg	0	Other-Bldg	0
Total	1581.29	Total	267	Total	\$421,750	Total	\$570	Total	\$118,640
Land mix =		Land mix =		Land mix =		Land mix =		Land mix =	
Subject Acr	0	Subject Acr	0	Subject Acr	0	Subject Acr	0	Subject Acr	0
\$ / Ac	\$0	\$ / Ac	\$0	\$ / Ac	\$0	\$ / Ac	\$0	\$ / Ac	\$0
Total	\$0	Total	\$0	Total	\$0	Total	\$0	Total	\$0
Total		Total		Total		Total		Total	
\$0		\$0		\$0		\$0		\$0	
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INCOME APPROACH

The income approach is based on the projected annual income stream that the subject property will most likely produce in the foreseeable future. A typical crop share lease arrangement is projected, and income is projected on the subjects production capability. The landowners typical expenses are estimated. The net income is then divided by the capitalization rate to arrive at the earnings value.

Income for dry crop is estimated 50% crop rotation at 30 bu/acre for wheat, and \$9.00/bushel. Land owner's share is 1/3. Income for pasture land is estimated at 7 ac/aum at \$20/aum. Land owner's share is 100%. CRP income \$35/acre minus \$2.50/acre for maintenance. Improved Grass estimated at 3 ac/aum at \$20/aum. Land owner's share is 50%. Management fee is estimated at 5% of gross income. Real estate taxes are not considered. All figures in the income approach chart are rounded up from .50 and down from .49.

INCOME APPROACH DATA CAPITALIZATION RATE

	Date	Sale	Total	Dry	Native	CRP/	Gross	Net	Cap.
Sale	Sale	Price	Acres	Crop	Grass	ImpGrass	Income	Income	Rate
#1	4/07	\$421,750	1581	----	1279	300	\$5,654	\$5,371	1.27%
#7	5/08	\$ 71,000	139	36	103	----	\$1,914	\$1,818	2.56%

Income from Land Resources

Crop	Acres	Yield /Acre	Amount	Price /Unit	Gross Income	Owner Share	Value
Pasture	200.00	5ac/aum	40.0aum	\$20.00	\$800	100%	<u>\$800</u>
	200.00	TOTAL DEEDED ACRES			GROSS INCOME		\$800

Expense

Management Fee	(5%)	<u>\$ 40</u>
TOTAL EXPENSE		<u>\$ 40</u>

NET INCOME **\$ 760**

Capitalization Rate 1.5%

Capitalization Value = Net Income \$ 760 ÷ Cap Rate .015 = \$ 50,666

OPINION OF VALUE FROM INCOME APPROACH ROUNDED \$ 51,000

The capitalization rate of 1.5% is used based on a necessary blend of the cap. Rates based on pasture incomes of Sales #1 and #7,.The capitalization rate of 1.5% cannot be projected into perpetuity due to variation in weather, yields, market values, government payments, etc.

The opinion of value from the Income approach supports the value derived from the Sales Comparison Approach.

COST APPROACH (SUMMATION)

The cost approach (summation) considers the contributory value of the land in individual uses. Data abstracted from the comparable sales was used to determine land values for the cost approach.

VALUATION OF LAND SEPARATED BY PARCEL

Sale #632 200 Acres Pasture @ \$250/acre = **\$50,000**

Total **200.00** Acres Pasture @ \$ 250 /acre = **\$50,000**

OPINION OF VALUE FROM COST APPROACH

\$ 50,000

The opinion of value from the Cost approach supports the value derived from the Sales Comparison Approach.

FINAL CONCLUSION TO VALUE

It is concluded after consideration of all available data that the final estimate of value from the three approaches are:

Comparable Sales Approach	\$ 50,000
Income Approach	\$ 51,000
Cost Approach	\$ 50,000

RECONCILIATION AND OPINION OF VALUE

The three value indicators for the subject property are relatively similar.

The Income Approach relies on the income producing potential of the subject as the basis for its value and supports the opinion of value by Comparable Sales Approach. The capitalization rate of the subject would not be attractive to a long term investor, without an increase in land value. The most likely purchaser would be an owner-operator or a government entity. Thus, less credence is given to the Income Approach in arriving at a final value opinion.

A search of the market was made for similar sales within a reasonable distance from the subject property. Although the sales used for the Comparable Sales Approach are not as similar to the subject as they could ideally be, they are an indicator of the value of pasture land in the area. It is concluded that the Comparable Sales Approach has the most credence.

Based on the foregoing, the final opinion of market value for the subject property as of 12/29/11 is **\$50,000**.

FINAL CONCLUSION TO VALUE CONTINUED

The undersigned hereby certifies that to the best of his knowledge and belief, the statements contained in the appraisal report are correct. The opinions stated herein are based on a careful inspection of the property and assembly of all pertinent facts. The undersigned has neither present nor contemplated interest in the appraised property.

The appraisal assignment was not based on a requested minimum valuation, specific valuation, or the approval of a loan.

The value described in this report is based on an exposure time of 6 to 12 months derived from approximate marketing time of the comparable sales used to value the subject property.

After weighing all the factors herein reported, to the best of his knowledge and belief, it is the appraisers opinion that the present market value of the subject property, as of 12/29/11, described in the foregoing appraisal is as follows.

Opinion of Market Value

Sale #632 200 Acres Pasture @ \$250/acre = \$50,000

TOTAL = \$50,000

Respectfully submitted,

John C. Helmbrecht
Montana Certified General Appraiser

**SUBJECT
PHOTOS**



Sale #632 Looking north from west side.



Sale #632 Nine Mile Coulee east from county road.

SUBJECT PHOTOS



Sale #632 Reservoir to southeast from center of subject.



Sale #632 Cattle shelter.

JOHN C. HELMBRECHT**EDUCATION**

Graduated Havre High School, Havre, Montana – 1983

Montana Tech. - 1983-1984

Northern Montana College – 1984

Montana Certified General Appraiser # 738, April 2nd, 2007

Courses Presented by the American Society of Farm Managers and Rural Appraisers:

1. Fundamentals of Rural Appraisal – (A-10) – Internet
University of Missouri Columbia, Sept-Dec 2002
Successfully completed.
2. Principals of Rural Appraisal – (A-20) – Internet
University of Missouri Columbia, Sept-Dec 2004
Successfully completed.
3. The Requirements of UASFLA Yellow Book Oct. 2008
Successfully completed.

Courses Presented by the Montana Real Estate Institute

1. USPAP 11/04
Successfully completed
2. USPAP 11/05
Successfully completed
3. Advanced Writing 11/05
Successfully completed
4. Direct Capitalization of Income 3/06
Successfully completed
5. Yield Capitalization of Income 4/06
Successfully completed

Certified General Appraiser State Exam - Passed 5/8/06

Courses Presented by McKissock

1. National USPAP Update 2/08
Successfully completed
2. Appraisal Trends 3/08
Successfully completed
3. Mortgage Fraud-Protect Yourself 2/08
Successfully completed
4. Even Odder-MORE Oddball Appraisals
Successfully completed 3/08
5. National USPAP Update 2/10, Successfully completed

Ag Lenders Range School 6/11 Successfully completed

EMPLOYMENT HISTORY

HS Appraising - June, 2002 to 2006

Helmbrecht Appraising LLC - 2006 to Present

Experience with both HS and Helmbrecht Appraising has included one-to-four family residential as well as agricultural and commercial properties and government contracting appraisal projects.

EXPERIENCE REFERENCES

Army Corps of Engineers

Bureau of Reclamation

Bureau of Land Management

Montana Department of Natural Resources & Conservation

Superintendent, Blackfeet Agency

Bureau of Indian Affairs

Blackfeet Community College

USDA Farm Service Agency

Office of Special Trust

Fort Belknap Indian Community

Attorneys

Banks

DEFINITIONS

MARKET VALUE

"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:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and acting in what they consider their own best interests;

A reasonable time is allowed for exposure in the open market;
Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

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.

FAIR VALUE

"Fair Value" is the cash price that might reasonably be anticipated in a current sale under all conditions requisite to a fair sale. A fair sale means that buyer and seller are each acting prudently, knowledgeably, and under no necessity to buy or sell--i.e., other than in a forced or liquidation sale. The appraiser should estimate the cash price that might be received upon exposure to the open market for a reasonable time, considering the property type and local market conditions. When a current sale is unlikely--i.e., when it is unlikely that the sale can be complete within 12 months--the appraiser must discount all cash flows generated by the property to obtain the estimate of fair value. These cash flows include, but are not limited to, those arising from ownership, development, operation, and sale of the property. The discount applied shall reflect the appraiser's judgment of what a prudent knowledgeable purchaser under no necessity to buy would be willing to pay to purchase the property in a current sale.

LIQUIDATION VALUE

The price that an owner is compelled to accept when a property must be sold without reasonable market exposure.

VALUE-IN-USE

That amount at which the assets would equitably exchange between a willing buyer and a willing seller neither being under compulsion and both having reasonable knowledge of all relevant facts. This definition assumes that the appraised assets continue in their current use as part of an ongoing business.

VALUE-AS-VACANT

The most probable price for which the appraised property will sell in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue influence or duress. The definition assumes that assets would be sold for an alternative use.

MINIMUM APPRAISAL STANDARDS

Excerpted from: Vol.55 No. 165, Federal Register, Friday, August 24, 1990, Section 34.44 Appraisal Standards. Minimum Standards include:

(a) All appraisals must:

1. Conform to USPAP, except that the Departure Provision, which allows below minimum work, will not apply.
2. Include a disclosure of any steps taken in order to comply with the Competency Provision of USPAP;
3. Be based on the market value or other values as defined in the attached DEFINITIONS:
4.
 - (i) Be written and presented in a narrative form.
 - (ii) Be sufficiently descriptive to enable the reader to ascertain the market value and the rationale for the estimate.
 - (iii) Provide detail and depth reflective of the complexity of the property appraised.
5. Analyze and report in reasonable detail any prior sales of the property (on year prior for 1-4 family residential properties, or within three (3) prior years all other properties);
6. Analyze and report current revenues, expenses, and vacancies on income producing properties rather than upon estimated or projected figures not supported by current market conditions;
7. The report must include a reasonable marketing period for the property.
8. Analyze current market conditions and trends that will effect the income, absorption, or value of the property;
9. Report both the "as is" (using appropriate deduction and discounts for holding and marketing costs, and entrepreneurial profit) and the stabilized market values for developmental property; report both the value in use and liquidation value for owner-occupied property;
10. Include in the USPAP-required certification an additional statement that: "the appraisal assignment was not based on a request minimum valuation, a specific valuation, or the approval of a loan";
11. Contain sufficient supporting documentation to allow the reader to ascertain the appraiser's logic, reasoning, judgment, and analysis;
12. Include a legal description of the subject property (in addition to the description required by USPAP);
13. Identify and value separately any non-real estate items (personal property, fixtures) but are included in the appraisal, and discuss the impact of their inclusion or exclusion on the estimate of market value;
14. Use and reconcile the income, direct sales, and cost approaches to value, and explain the elimination of any approach not used;
15. The final report must contain an executed copy of the Appraisal Engagement Letter, together with all exhibits and attachments which reflect the appraiser's acknowledgment, understanding and acceptance of all instructions contained herein.
 - (b) If any information necessary to complete the appraisal is unavailable, this fact must be disclosed.

FOR DNRC USE ONLY		
Maximum amount under this agreement: <u>\$2,500.00</u>		
<div style="float: right; border: 1px solid black; padding: 5px;"> Approved No. <u>127200</u> Amendment No. _____ Division <u>KC</u> C.S.D. <u>S</u> Legal <u>JHB</u> </div>		
<u>Source of Funds</u>		
Private Funds		
<u>Fund Name</u>	<u>Fund No.</u>	
Land Bank Private Funds	02031	
<u>Subclass</u>	<u>Org. No.</u>	<u>Percent</u>
555HA	6043-59	100%

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
TRUST LAND MANAGEMENT DIVISION

POTENTIAL LAND BANKING SALE OF ONE PARCEL IN HILL COUNTY

This Agreement is between the Montana Department of Natural Resources and Conservation (DNRC), and John C. Helmbrecht, dba Helmbrecht Appraising, LLC, (Contractor), 11-3802210. The parties to this Agreement, in consideration of the mutual covenants and stipulations set out herein, agree as follows:

Section 1. PURPOSE. The purpose of this Agreement is to establish mutually agreeable terms and conditions, specifications and requirements for, John C. Helmbrecht, dba Helmbrecht Appraising, LLC, to provide DNRC with a real estate appraisal, on the subject property in Hill County.

Section 2. TERM. The effective date of this agreement is the last date of signing, or upon compliance with Section 8, Compliance with Workers' Compensation Act, whichever is later, and shall terminate on February 1, 2012 unless terminated earlier pursuant to Section 15, Termination. The appraisal report is to be completed and forwarded to Montana DNRC, John Grimm, P.O. Box 201601, Helena, MT 59620-1601 by December 31, 2011.

Section 3. LIAISON. All communications by the Contractor to the DNRC concerning this Agreement shall be addressed to John Grimm, Real Estate Section Supervisor, Department of Natural Resources and Conservation, P.O. Box 201601, Helena, Montana 59620-1601. All communications by the DNRC to the Contractor shall be addressed to John C. Helmbrecht, Helmbrecht Appraising, LLC, P.O. Box 66, Hingham, MT 59528.

Section 4. SCOPE OF WORK. The Contractor shall administer all activities provided for in this Agreement on behalf of the DNRC. 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 parcel in Hill County, as described in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions.

The appraisals must comply with the instructions in Attachment A, Scope of Work for Appraisals 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.

3) The DNRC will provide access to each 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, AUMs, acres, costs, etc.), property issues, surveys (if any), and production history. The local land office will provide the contact information to the appraiser in order for the appraiser to obtain access to the proponent's property.

Section 5. PAYMENT. In consideration of services rendered pursuant to this Agreement, DNRC agrees to pay the Contractor an amount not to exceed Two Thousand Five Hundred and No/100 Dollars (\$2,500.00). 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.

Section 6. LEGAL REQUIREMENTS. The Contractor shall comply with all applicable federal, state, and local laws, statutes and ordinances and all applicable rules, regulations, and standards established by DNRC.

Section 7. LAW AND VENUE. Any action at law or suit in equity, or judicial proceeding for the enforcement of this Agreement or any provision thereof shall be instituted only in the courts of the State of Montana. This Agreement shall be governed by the laws of the State of Montana, both as to interpretation and performance. In the event of litigation concerning the terms of this Agreement venue shall be in the First Judicial District in and for the County of Lewis and Clark.

Section 8. COMPLIANCE WITH WORKERS' COMPENSATION ACT

The Contractor is required to supply the State with proof of compliance with the Montana Workers' Compensation Act while performing work for the State of Montana. Neither the Contractor nor its employees are employees of the State. The proof of insurance/exemption must be in the form of workers' compensation insurance, an independent contractor exemption, or documentation of corporate officer status and must be received by the DNRC Procurement Bureau, P.O. Box 201601, Helena, MT 59620-1601, and must be kept current for the entire term of the contract.

CONTRACTS WILL NOT BE ISSUED TO VENDORS WHO FAIL TO PROVIDE THE REQUIRED DOCUMENTATION WITHIN THE ALLOTTED TIME FRAME.

Coverage may be provided through a private carrier or through the State Compensation Insurance Fund (406) 444-6500. An exemption can be requested through the Department of Labor and Industry, Employment Relations Division (406) 444-1446. Corporate officers must provide documentation of their exempt status.

Section 9. EQUAL EMPLOYMENT. Any hiring of employees under this Agreement shall be on the basis of merit and qualifications, and there shall be no discrimination on the basis of race, color, religion, creed, sex, national origin, age, disability, marital status, or political belief. "Qualifications" mean qualifications as are generally related to competent performance of the particular occupational task.

Section 10. PUBLIC INFORMATION AND OWNERSHIP OF PRODUCTS. Subject to the provisions set out herein below relating to confidential information, all information in the possession of the Department relating to this project shall be made available to the public. Upon completion of this Agreement, all information, reports, data, records, documents, and materials in the possession of the Department 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. The separate addendum of confidential specific market data referenced in section 4.1 of this contract, used for developing the appraisal report will be reviewed and accepted along with the appraisal. After review and acceptance the addendum will be returned to the appraiser for retention in his/her files, and will be deemed the appraisers sole property.

Section 11. INDEMNITY AND LIABILITY (Hold Harmless/Indemnification): The Contractor agrees to be financially responsible for any audit exception or other financial loss to the State of Montana which occurs due to the negligence, intentional acts, or failure by the Contractor and/or its agents, employees, subcontractor, or representative to comply with the terms of this Agreement. The Contractor agrees to indemnify the state, its officials, agents, and employees, while acting within the scope of their duties and hold harmless from and against all claims, demands, and causes of action of any kind or character, including the cost of defense, 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, goods or rights to intellectual property provided or omissions of services or in any way resulting from the acts or omission of the Contractor and/or its agents, employees, subcontractors or its representatives under this Agreement, all to the extent of the Contractor's negligence.

Section 12. ASSIGNMENTS, TRANSFERS AND SUBCONTRACTS. There will be no assignment, transfer or subcontracting of this Agreement, nor any interest in this Agreement, unless agreed to by both parties in writing as provided in Section 14, Modifications. This Agreement shall be binding on all successors and assigns of the Contractor, including successors in interest.

Section 13. AUDIT. The Contractor shall maintain reasonable records of its performance under his Agreement. The Contractor agrees that DNRC, the Legislative Auditor, or the Legislative

Fiscal Analyst may audit all records, reports, and other documents which the Contractor maintains under or in the course of this Agreement to insure compliance with this Agreement. Such records, reports, and other documents may be audited at any reasonable time. The Agreement may be unilaterally terminated by DNRC upon the Contractor's refusal to comply with this or any other section. In the event the Agreement is terminated for such failure to comply, the Contractor, at the option of DNRC, shall return to DNRC all funds previously awarded the Contractor and all results of the project to date.

Section 14. MODIFICATIONS. This instrument contains the entire Agreement between the parties, and no statement, promises, or inducements made by either party, or agents of either party, which are not contained in this Agreement shall be valid or binding and this Agreement may not be enlarged, modified or altered except as provided in this Agreement. No letter, telegram, or other communication passing between the parties to this Agreement, concerning any matter during the term of this Agreement shall be deemed a part of this Agreement unless it is distinctly stated in such letter, telegram, or communication that it is to constitute part of this Agreement, and such letter, telegram, or communication is attached as an appendix to this Agreement and is signed by the authorized representative of each of the parties to this Agreement. If executed properly under this section, modifications of this Agreement do not need independent consideration to be legally enforceable.

Section 15. TERMINATION. Upon breach of any of the terms and conditions of this Agreement by the Contractor, DNRC may terminate this Agreement and have any and all remedies at law or equity. In the event of such breach and termination, DNRC may further, at its option, take over the work and services and prosecute the same to completion by contract or otherwise and the Contractor shall be liable to DNRC for any excess cost occasioned to DNRC thereby. The Contractor may cancel this Agreement upon DNRC's mutual written agreement and DNRC may postpone or cancel this Agreement if subsequent funding is not available.

Section 16. WAIVER. A waiver of any particular provision of this Agreement by DNRC shall not be construed as a waiver of any other provision, nor shall any such waiver otherwise preclude DNRC from insisting on strict compliance with this Agreement in other circumstances.

Section 17. UNAVAILABILITY OF FUNDING. This contract is subject to the availability of legislative appropriations or funding. DNRC reserves the right, in its sole discretion, to terminate or reduce the scope of this contract should it experience any reduction in legislative appropriations".

Section 18. CONTENTS. This Agreement consists of: Pages 1-5; Attachment A, Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program, 2 pages, and; Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions, 1 page.

Section 19. AGREEMENT RENEWAL. This Agreement may, upon mutual agreement between the parties and according to the terms of the existing contract, be extended one thirty-day interval and no more.

Section 20. INSURANCE REQUIREMENTS. The contractor shall purchase and maintain Occurrence coverage with combined single limits for bodily injury, personal injury, and property damage of \$300,000.00 per occurrence and \$600,000.00 aggregate per year to cover such claims

as may be caused by any act, omission, or negligence of the contractor or its officers, agents, representatives, assigns or subcontractors.

Additional Insured Status: The State, its officers, officials, employees, and volunteers are to be covered as additional insureds; for liability arising out of activities performed by or on behalf of the contractor, including the insured's general supervision of the contractor; products and completed operations; premises owned, leased, occupied, or used.

Primary Insurance: The contractor's insurance coverage shall be primary insurance as 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.

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 insured shall reduce or eliminate such deductibles or self-insured retentions as respect to the State, its officers, officials, employees, and volunteers, or; 2) The contractor shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.

Certificate of Insurance/Endorsements: A certificate of insurance, indicating compliance with the required coverages and referencing Contract # 127200, must be filed with the DNRC's liaison and attached to this agreement prior to signature by the DNRC. The Contractor must notify the State immediately, of any material change in insurance coverage, such as changes in limits, coverages, change in status of policy, etc.

11-22-11
Date _____
Contractor's Authorized Representative

11/29/11
Date _____
Department of Natural Resources and Conservation

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 property at a level that will allow the appraiser to render a credible opinion of value about the property. 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.) Soil classification, surrounding land uses, and the possibility of converting grazing ground to cropland should be considered.

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, within the same county or a neighboring county.

ATTACHMENT B

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION Supplemental Appraisal Instructions

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

SUBJECT PROPERTIES:

Parcel 632: NW $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, Section 15, T35N-R11E, Hill County, 200 acres. The property is located 32 miles northwest of Havre, adjacent and south of the Gilford Hutterite Colony. The property is currently used as a cattle feeding and calving area.

Havre Field Office Contact is:
Monte McNally, Land Use Specialist
210 Sixth Avenue
P.O. Box 868
Havre, MT 59501-0868
Phone: 406/ 265-5236
Fax: 406/265-5236
Or
Clive Rooney, Northeast Land Office Manager
Phone: 406/ 535-1904

Lessees:
Sale 632: Gilford Hutterian Brethren Inc.
